SENATE

TUESDAY, JUNE 29, 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 God, whose kingdom is an everlasting kingdom, we would lift the concerns of these troubled days into the perspectives of the long years. The cries of the crowd about us but bring us to confusion without and perplexity within. Weary of fruitless quests and futile arguments we turn to Thee in the humility of prayer. As our words for this solemn, searching moment are hushed to silence, breathe upon our thinking with Thy truth, breathe upon our understanding with Thy light, breathe upon our attitudes with Thy love. May the pressures of the world not mold us, but may we be so strengthened that we may help mold the world nearer to the fashion of Thy righteous will. Maintain in us the fidelity of those to whom much has been given and from whom much will be required in defending and preserving the precious things that matter most. We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. THYE, and by unanimous consent, the reading of the Journal of the proceedings of Monday, June 28, 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.

COMMITTEE SERVICE

On motion of Mr. KNOWLAND, and by unanimous consent, it was

Ordered, That the Senator from Wyoming [Mr. BARRETT] be, and he is hereby, excused from further service as a member of the Committee on the District of Columbia;

That the Senator from Nebraska [Mrs. BOWRING] be, and she is hereby, excused from further service as a member of the Committee on Post Office and Civil Service; and

That the Senator from Wyoming [Mr. CRIPPA] be, and he is hereby, assigned to service on the Committee on the District of Columbia and the Committee on Post Office and Civil Service.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. KNOWLAND. Mr. President, after consultation with the minority leader I ask that the Subcommittee on Internal Security of the Committee on the Judiciary be permitted to meet during the session of the Senate today.

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

On the request of Mr. KNOWLAND, and by unanimous consent, the Subcommittee on Irrigation and Reclamation of the Committee on Interior and Insular Affairs was authorized to meet during the session of the Senate today.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

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

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

EXECUTIVE BUSINESS

Mr. THYE. Mr. President, I move that the Senate proceed to the consideration of executive business for action on new reports.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

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

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

NOTICE OF CONSIDERATION OF CERTAIN NOMINATIONS

Mr. SMITH of New Jersey. Mr. President, the Senate received today the following nominations:

To be members of the Public Advisory Board, Foreign Operations Administration:

Clement D. Johnston, of Blue Hills, Roanoka, Va.;

Mrs. Helen Chapman, of Jerseyville, Ill.;

Harold C. McClellan, of San Marino, Calif; and

Mrs. Percy Maxim Lee, of Farmington, Conn.

Notice is given that these nominations will be considered by the Committee on Foreign Relations at the expiration of 6 days in accordance with the committee rule.

The VICE PRESIDENT. If there be no reports of committees, the clerk will state the nominations on the Executive Calendar under the heading "New Reports."

FEDERAL COMMUNICATIONS COMMISSION

The legislative clerk read the nomination of John C. Doerfer, of Wisconsin, to be a member of the Federal Communications Commission.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES COAST GUARD

The legislative clerk proceeded to read sundry nominations in the United States Coast Guard.

Mr. THYE. Mr. President, I ask unanimous consent that the Coast Guard nominations be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

Mr. THYE. I request that the President be immediately notified of all nominations confirmed today.

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

LEGISLATIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

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

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Morning business is in order.

REPORTS ON RETIREMENT POLICY FOR FEDERAL PERSONNEL (PTS. 4 AND 5 OF S. DOC. 89)

The VICE PRESIDENT laid before the Senate a letter from the Chairman, Committee on Retirement Policy for Federal Personnel, Executive Office of the President, transmitting, pursuant to law, that Committee's fourth and fifth (final) reports on its survey of the Federal pension and retirement plans which, with the accompanying reports, was referred to the Committee on Post Office and Civil Service, and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SCHOEPPEL, from the Committee on Interstate and Foreign Commerce:

S. 906. A bill to establish the finality of contracts between the Government and common carriers of passengers and freight subject to the Interstate Commerce Act; with an amendment (Rept. No. 1655).

By Mr. BUSH, from the Committee on Public Works:

H. R. 7664. A bill to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act; without amendment (Rept. No. 1656).

By Mr. BUTLER of Nebraska, from the Committee on Interior and Insular Affairs:

H. R. 5620. A bill to remove clouds on the titles of certain lands in Colorado; without amendment (Rept. No. 1660); and

H. R. 6893. A bill to provide for a payment to the Shoshone irrigation district of a share of the net revenues from the Shoshone

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powerplant, and for other purposes; with amendments (Rept. No. 1661).

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

H. R. 7146. A bill authorizing the Secretary of the Interior to issue a patent in fee to John McMeel No. 1; without amendment (Rept. No. 1657).

By Mr. LANGER, from the Committee on the Judiciary, without amendment:

S. 738. A bill for the relief of Maria Busa (Rept. No. 1663);

S. 2287. A bill for the relief of George Scheer, Magda Scheer, Marie Scheer, Thomas Scheer, and Judith Scheer (Rept. No. 1664);

S. 2338. A bill for the relief of Madaline Margaret Smith (Rept. No. 1665);

S. 2363. A bill for the relief of Dr. Mien Fa Tchou and his wife, Li Hoei Hing Tchou (Rept. No. 1666);

S. 2607. A bill for the relief of Faustino Achaval Aldecoa and his wife, Carmen Achaval (nee Cortabitarte) (Rept. No. 1667);

S. 3145. A bill for the relief of Bonita Lee Simpson (Rept. No. 1668);

S. 3433. A bill for the relief of Andreja Glusic (Rept. No. 1669);

S. 3514. A bill for the relief of Mrs. Oveida Mohrke and her son, Gerard Mohrke (Rept. No. 1670);

H. R. 1948. A bill for the relief of Mrs. Fung Hwa Liu Lee (Rept. No. 1671);

H. R. 2404. A bill for the relief of Tibor Horanyi (Rept. No. 1672);

H. R. 2406. A bill for the relief of Andor Gellert (Rept. No. 1673);

H. R. 2427. A bill for the relief of Annie Litke (Rept. No. 1674);

H. R. 2875. A bill for the relief of Dr. James K-Thong Yu (Rept. No. 1675);

H. R. 2907. A bill for the relief of Elizabeth Just Mayer (Rept. No. 1676);

H. R. 3903. A bill for the relief of Sister Iolanda Sita, Sister Guerrina Brioli, Sister Pasqualina Coppari, Sister Anna Urbinati, Sister Ida Raschi, and Sister Elvira P. Moncarelli (Rept. No. 1677);

H. R. 4510. A bill for the relief of Mrs. Helen Kon (Rept. No. 1678);

H. R. 4747. A bill for the relief of Gio Batta Podesta (Rept. No. 1679);

H. R. 5265. A bill for the relief of Margarete Hohmann Springer (Rept. No. 1680);

H. R. 5355. A bill for the relief of Eva Gyori (Rept. No. 1681);

H. R. 5684. A bill for the relief of Walter Kuznicki (Rept. No. 1682);

H. R. 5820. A bill for the relief of Michael K. Kaprielyan (Rept. No. 1683);

H. R. 5842. A bill for the relief of Viktor R. Kandlin (Rept. No. 1684);

H. R. 6478. A bill for the relief of Nick Joseph Beni, Jr. (Rept. No. 1685);

H. R. 6636. A bill for the relief of Gregory Harry Bezenar (Rept. No. 1686);

H. R. 7012. A bill for the relief of Nicole Goldman (Rept. No. 1687);

S. J. Res. 140. Joint resolution to establish a Commission for the celebration of the 200th anniversary of the birth of Alexander Hamilton (Rept. No. 1688); and

S. J. Res. 149. Joint resolution designating the month of September 1955 as John Marshall Bicentennial Month, and creating a Commission to supervise and direct the observance of such month (Rept. No. 1689).

By Mr. LANGER, from the Committee on the Judiciary, with an amendment:

S. 1074. A bill for the relief of Isaac Glickman, Reghina Glickman, Alfred Cismaru, and Anna Cismaru (Rept. No. 1690);

S. 2295. A bill for the relief of Irma Mueller Koehler Cobban (Rept. No. 1691);

S. 2448. A bill for the relief of Frantisek Vyborny (Rept. No. 1692); and

H. R. 5578. A bill for the relief of Hatsuko Kuniyoshi Dillon (Rept. No. 1693).

By Mr. LANGER, from the Committee on the Judiciary, with amendments:

S. 37. A bill to amend section 3 (a) of the Foreign Agents Registration Act of 1938, as amended (Rept. No. 1694);

S. 1512. A bill for the relief of Esther Cornelius (Rept. No. 1695);

S. J. Res. 147. Joint resolution to establish the Woodrow Wilson Centennial Celebration Commission, and for other purposes (Rept. No. 1696); and

S. J. Res. 152. Joint resolution to provide for the proper participation by the United States Government in a national celebration of the 200th anniversary of the Battle of Fort Necessity, Pa., on July 3 and 4, 1954 (Rept. No. 1697).

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

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; without amendment (Rept. No. 1659).

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS—REPORT OF A COMMITTEE

Mr. LANGER. Mr. President, from the Committee on the Judiciary, I report an original concurrent resolution, favoring the suspension of deportation in the case of certain aliens, and I submit a report (No. 1662) thereon.

The PRESIDING OFFICER (Mr. PURTELL in the chair). The report will be received, and the concurrent resolution will be placed on the calendar.

The concurrent resolution (S. Con. Res. 92) was placed on the calendar, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress favors the suspension of deportation in the case of each alien hereinafter named, in which case the Attorney General has suspended deportation for more than 6 months:

E-41708, Bravo, Juan Jose or John Bravo.
A-6848427, Chen, Neng Kuan.
A-7828736, Chen, Ming Li Pei.
A-4918479, Choi, Cheng Yin or Chin Yin Toy.
A-6949355, Chu, Grace.
A-1139169, D'Arco, Vincenzo.
A-5459000, Ezaki, Matsuhiko or Yuzo Kamiji.
A-3965686, Golding, Arthur Samuel.
A-1662032, Gomes, Pedro Fernandes.
A-5960653, Grunberg, Richard.
A-6836829, Herrera, Camila Montes De.
E-5523, Hine, Louie or Louie Him or Hong or Gin or Louis Hine or Him.
A-3690663, Hum, Tom Peter or Tom Hum.
A-3927082, Kamimura, Chiyozo.
0300/408451, Martins, Luis Antonio.
A-6420723, Martins, Palmira de Conceicao nee Palmira da Conceicao Silva.
A-7050096, Moreno, Maria Luisa Hermandez de.
A-7050274, Moreno, Andres.
1511/101, Natividad, Dominga Verdosa de.
A-4598015, Perez, Jose Aurelio or Jose Aurelio Baeza Y Perez or Andrew Perez.
E-9453, Shen, Yuin Chien or Po Kang or Nelson Shen or Shen Yuin Chien.
E-9454, Shen, Alice Shi-Fang or Shih Shien (nee Shih Shien Liu or Alice Liu or Liu Shi Fang).
A-2459840, Spadavecchia, Cosmo or Cosimo.
A-1526760, Troyanos, Nicolaos or Nicolaos John Troyanos.
A-4422113, Aguirre-Bermudez, Vicente or Vicente Bermudez-Aguirre or Vicente Bermudez-Medrano.
A-3982995, Aguirre, Maria De Jesus Martinez De or Maria De Jesus Martinez.
A-6087758, Aldana, Carlos.
A-4166099, Alexa, Joseph or Jozsep Olexov.
A-7179099, Allen, Eugenia Kokoris.
A-6612846, Baglaneas, Theodore Elias.
A-3876966, Banfield, Fitzherbert or Fitzgerald Herbert.
A-3230496, Beglicta, Simon or Jack Landis.
A-4332186, Chiappara, Francesco Paolo.
A-1810873, Chin, Tin.
A-6868702, Chumbris, Kyriacoula Loucopoulou.
E-094466, Cohen, Abraham.
E-094472, Cohen, Lyba (nee Bell).
A-6384625, Diaz, Juan Manuel Sola Y or Juan Manuel Sola-Diaz or Manuel Sola.
A-1164488, Evora, Pedro Alcantara.
A-6292555, Hilderbrandt, Hana Kanaya.
A-9730811, Johnasen, Trygve.
E-33273, Lara-Lastra, Alberto or Gilberto Lara-Lastra.
0300-417576, Long, Shew Chen or Shew Chen Lang.
A-2374221, Matsukuma, Kiyoshi.
A-6743863, Mora-Arias, Panfilo.
A-7125036, Ramajo, Lydia (nee Lydia Almazar).
E-124899, Rodriguez, Natalia Galvez De.
A-3478987, Rothwell, John Jurice.
A-3647767, Salinas-Sigala, Alfonso.
A-6805995, Udvarnoki, Bela.
A-7379126, Wizenfeld, Dora.
0300-329649, Wu, Hsia.
A-3849604, Yow, Wong or You Wong.
A-5876961, Zarrillo, Costanzo.
A-3544573, Zarrillo, Maria Donata Zizza.
A-7036297, Angelo, Richard Raymond.
0300-258155, Black, Anthony James or James Black or Anthony James.
0300-371226, Brathwaite, Henry Mariton or Henry Holder.
T-1892701, Chong, Wong.
A-6255500, Curiel-Ayala, Aristeo.
0300-58263, Dock, Li or Hui Cheung Shun.
0300-400090, Ekson, Larry.
A-7903429, Espinosa, Francisca Hernandez de.
A-7140767, Fuentes-Nava, Francisco or Francisco Nava-Fuentes or Francisco Fuentes.
A-7445991, Gomez, Villarreal, Luis.
A-7450111, Gomez, Teodora Conde De.
T-2626062, Gomez-Conde, Maria Elena.
T-2626062, Gomez-Conde, Jorge.
T-2626062, Gomez-Conde, Jose.
0300-0420450, Gong, Henry or Gong Hen Foon.
A-6988061, Gonzalez-Rubio, German.
1300-119611, Howe, Virginia.
1300-119612, Howe, Margarita.
A-2771466, Hughes, George Fairfield.
T-2671872, Ivanov, Charles Bill.
E-072667, Jacobowitz, Molly formerly Rabinowitz (nee Malka (Molly) Berman).
0900/40998, Koulitianos, Charalambos or Haralambos or Coulentinos or Chris Collins.
A-6139106, Kudo, Rokuichi.
A-6139105, Kudo, Yoshiko Hasegawa.
A-6139102, Kudo, Eigo.
A-6139103, Okamoto, Nami (nee Kudo).
A-6139104, Kudo, Shiro.
1409-15290, Lagunas-Rosas, Alejo.
1409-15291, Lagunas, Margarita Padron de.
0300-408198, Langdon, Lawrence.
A-2444431, Lee, Mow.
E-056276, Lew, Peek or Peep Chung or Jimmy Lew.
E-9273, Maczynski, Slawomir Peter Tede.
E-905424, Man, Chang or Chang Man Yung.
A-4849580, Miklavec, Mario or Joe Marino.
A-7178566, Morales-Alvarez, Pedro.
A-6432337, Perez, Maxima Adelaida (nee Henriquez).
A-1026803, Power, Winston Lionel.
T-2672136, Riemer, Detlef Robert or Robert Launder.
A-7450836, Rodriguez-Castillo, Ascencion.
A-1018591, Sanchez, Jose or Jose Sanchez Celis or Nemesio Navarro or Nemesio Navarro Giroteo.
A-5624444, Santos, Trifona or Tryphon Santos or Tom Lido.
A-9689295, Seerat, Salim Bin Haji or Salim Seerat.
A-3771460, Seretis, Despina.
A-1770227, Sokolowski, August.
A-6273964, Talamantez, Benita Prado De.

0300-285857, Wong, George or Wong Yee.
T-1892486, Wong, Koa Nei.
V-591428, Wong, Sio Zea or Sio Zea San.
A-9575148, Berasatgui, Francisco.
A-7828285, Berman, Laila Liliane (nee Shalom).
0300/118691, Betancourt, Bernardo Buenaventuro.
A-5557699, Chong, Jick or Chong Yick or Chong Ten or Jung Ten or Chong Soo Ten.
0800-95470, Conner, Alma.
V-1183602, Doo, Vee Sing.
A-5468256, Goodell, Laura Beatrice or Laura Beatrice Rickley.
A-5525131, Goodspeed, Mariam Bertha.
A-4855254, Hamilton, Tugela Violet May (nee Jeremy).
A-2665726, Hernandez, Elena Garcia de or Elena Moya or Elena Moya de Hernandez or Elena Garcia.
0900-37855, Jager, Marceline Helen (nee Doeseckle).
A-7980253, Macias-Martinez, Estreberto.
A-7802062, Mendez, Miguel Mendoza.
A-9764791, Miha, Ebraham or Ebaiham Miha.
A-7898789, Morales, Luz Maria Logrono de.
A-5741834, Pritchitt, Albert Fredrick.
A-7463609, Santos, Maria Cristina De.
A-7463610, Santos, Maria Victoria Ramona De.
A-5967458, Shimabukuro, Takichi.
A-6161509, Shimabukuro, Matsu.
A-2473130, Sklavounos, Spyros Dennis or Spyros Gerasimos Sklaveunos.
A-7056495, Stathkos, Payayotis N.
A-7068019, Stathakos, Hippolyta.
A-6019501, Tamez, Reynaldo Rodriguez or Reynaldo Rodriguez.
A-5476563. Togisala, Simi or Simi Taualii.
A-5642023, Tsuboi, Iwaichi.
A-9024705, Urlich, Anthony or Anton Urlich or Anton Urlic or Orlic.
A-5886869, Williams, Moses.
A-4125218, Wong, Him or Wong Hing.
0803-6809, Zamudio, Juan Zamaripas.
A-4664137, Bencivenga, Tambaro or Tammaro Bencivenga.
A-7500672, Bruyn, Thomas Deynem Matthijs De.
A-4750806, Dalal, Rustom Hormusji.
A-7927502, Felix-Escobedo, Alberto or Albert Felix.
A-9769394, Goni, Abdul.
A-6640245, Gonzalez, Cisneros, Luis.
A-5088694, Gonzalez-Irvina, Arturo or Arthur Martinez or Cliff Glen or Harry Gonzalez or Tony J. Camacho.
A-6261625, Gregoriou, Androniki.
E-082291, Henderson, George.
A-4444592, Heyamoto, Toshiro.
A-7027973, Hsu, Yun Fong or Brenda Mary Hsu.
A-6319225, Katsouros, Nicholas.
A-6319226, Katsouros, Emmanuel.
A-3264569, Kornoff, William Alexander.
A-6921628, Li, Sing Chung.
E-079716, Magarian, Antranik.
A-9128479, Malay, Geminiano.
A-9625360, Manolakis, George.
A-5409188, Moninger, Stephen or Stefan Moninger or Earl Wilhelm Moninger.
A-5967502, Nashiro, Shisho.
A-5884554, Ornelas, Melquiades.
A-7469919, Ospina, Arnold.
A-6168371, Pelayo, Jr., Jose Luis.
T-1496851, Pelayo, Maria Beatriz.
T-1496852, Pelayo, Javier M.
A-6535301, Pelayo, Margarita M.
0900/64624, Pineda, Justino Escobar.
0300-390645, Power, John William.
A-6934595, Prescod, Vera Velveteen or Vera Velveteen Fields Haywood or Vera Haywood.
A-5156312, Provencher, Lucien E.
A-1281505, Pytel, Pavlo or Paul.
E-20554, Reame, Antonio.
E-20000, Reame, Nancy.
0300-357987, Seng, Quock Bond or Quock Cheung.
A-4963183, Solis, Dolores Martinez de or Dolores Martinez de Gonzalez.
0900/60343, Solis-Luna, Jose Santos.
A-7180027, Sulyi, Andre Janos.
A-7180028, Sulyi, Emilia Mullner.
1600-108124, Tamayo-Lopez, Ruben.
E-905094, Tatanis, Alexandria.
A-6610922T, Thompson, Hurbin or John Clayton Oliver.
A-7387955, Yuan, Shao-Yuen.
A-2636089, Zavala, Paula Arenas Beltran de.
A-6040375, Afzal, Mir.
E-33872, Bolshakoff, Victor Grigoriy or Victor Larsen.
A-4799003, Chiarella, Thomas or Tomas.
A-6854505, Chin, Chang or Chun Cheng or Cheung Cheng or Chin Chang or Cheng Chun Sang.
A-6819554, Clark, Vivian (nee Meade).
0300-279088, Czajkowski, Stefan Josef or Stefan Josef Grzesik.
A-5450342, Delli, Mario or Dello.
A-4442876, Dorf, Stella Beatrice (nee Egurin).
E-087755, Farrell, Helen Frances (nee Misener).
A-6819114, Feiner, Sara or Sara Grunzweig.
A-4894017, Fekete, Frank or Ferenz Kekete.
A-4961721, Flores, Elvira Martinez de.
T-2760497, Gabriel, Rafael Labeza.
A-6512394, Garcia-Carasco, Martiniano.
A-6693060, Garcia, Consuelo Lizarraga de.
A-9767729, Grando, Cornelis Eugene or Cornelius E. Grando or Cornelius Grando or Eddie Grando.
A-3987793, Higa, Shinzo.
A-7982765, Hsu, Dickie Ping.
E-075569, Jew, Wong Lai Ying.
E-079570, Jew, Mona.
E-087605, Kan, Lee or Gin Lee.
A-6510550, Knall, Wilhelmine.
A-7486946, Kuo, Agnes Kan Ping or Ping Kan.
A-2828835, Lee, Kum or Gum Lee.
A-4946369, Louis, Andre or Goung Sam.
1300-122543, Lourdes-Rivera, Maria de.
A-6620355, Manuelian, Margaret Florence (nee Bishop).
0300-253643, Manuelian, Robert or Robert Mihran Manuelian.
T-2671947, Michel-Preciado, Jose.
A-6261593, Mohr, Elembre or Siforos Olymbia Moore or Olimpia Muraiti.
0900-59324, Moore, Vernon Alfonso.
E-083528, Osen, Anton or Anton H. J. Osen.
A-3359890, Pagador, Isabelo Padua.
A-9569986, Pang, Chu or Gee Hog Pang or Gee Hog Pan.
T-2760441, Paz-Gomez, Gabriel De La.
T-2760438, Paz, Maria De Jesus Lopez De La.
T-282078, Piazza, Lois Anita or Anita Ethel Ellis or Anita Rosalie Murch or Lois Elain James.
A-3552213, Pong, Tung.
A-9742097T, Rasmussen, Erik Johannes.
0900/58314, Rodriguez-Martinez, Ramon.
A-7841500T, Sankovich, Miro.
E-086535, Scoufopoulos, Dora Constantine or Dorothea C. Scoufopoulos (nee Doufeti).
E-086536, Scoufopoulos, Niki Maria.
1600-101921, Serrano-Ramirez, Florentino.
A-4789531, Stampolos, Nicholas.
A-5977654, Tawara, Mitsutaro.
A-6162289, Tawara, Kiwa.
A-6162284, Tawara, Paula Sumiko.
A-6162285, Tawara, Juan Akio.
A-6162286, Tawara, Susana Kiyoko.
A-6162288, Tawara, Toshiharu or Toshiharu Adolph Tawara.
A-6162287, Tawara, Victor Toshimitsu.
A-7984782, Valdez, Maria Luisa Garibay-Arzate de.
E-48172, Valle-Veytia, Rosa Luz.
A-7222282, Velasco-Esqueda, Carlos.
T-302969, Villalovos-Alvallar, Santiago.
A-7228784, Wust, Klaus German.
A-7289028, Wust, Marlene (nee Haumann).
0300-413932, Yzaguirra, Anselmo.
E-33938, Aloise, Francesco or Frank.
A-4135951, Alvarez, Jose Perez or Jose Perez or Jose Peda.
T-1496830, Amaya-Varela, Ramon.
0300-363553, Awad, Abou Bakr.
V-150975, Azrak, Adele (nee Kraiem).
E-6939, Chun, Vung-Kwan or Victor Chun.
A-7264793, Dacosta, Alfred George or Culio Del Valle.
A-7821401, Delaney, August or Gus De Leones or Kostos Teleones.
T-1506077, Ferreira, Ramon or Ramon Ferriera Hermida.
0900-65223, Fiordirosa, Dominick or Vincenzo Fiordirosa.
A-7978692, Garcia-Dena, Paulin.
0900-64707, Guzman, Juan Eleucadio de San Antonio Martinez or Antonio Martinez Guzman or Alfredo Martinez.
A-7198814, Kim, Sook Chong.
A-6965059, Leon, Ernestina Garza de.
A-8022384, Medina-Amador, Jose.
A-4594891, Mitsuya, Akira.
A-1184641, Park, Maria or Maria Lin-Pack or Kyong Ock or Oak.
0900-63931, Saldana, Augustin Perez.
T-303859, Sezen, Vecihi Sermet.
1407-2425, Silva-Gonzalez, Martin.
A-6074301, Agraz-Ochoa, Alfonso Enrique or Alfredo Agraz.
A-4055563, Feinberg, Sarah.
A-6504425, Gaduang, Senena Evaristo.
1409-9991, Gonzalez-Salinas, Bonito.
1409-9992, Gonzalez, Hipolita Lugo de.
A-7381350, Harrigan, Leonora or Lee Leonara Harrigan.
E-084964, Hausan, Kanian or Kanian.
1409-14463, Jimenez, Guadalupe Trevino de.
T-2671878, Kong, Rose Joe or Mrs. Chan Look.
E-36302, Larsen, Luba.
A-7961348, Leifer, Beresi.
0300-403512, Leifer, Serena.
A-7886271, Levenbook, Alessandra Lucia.
E-086791, Perez, Angel Pedro Pascual.
E-082996, Rigos, Spiros Sotiri or Spiros S. Rigos or San Tigos.
A-9505901, Santos, John Ricardo Dos or John Andria or John Hendrick.
A-6096240, Tavsanli, Hulusi.
A-8008810, Valencia-Avila, Gildardo or Gildaro Avila-Valencia.
A-6747848, Wilson, Angelina.
0300-405015, Cominos, Spyios or Spyros.
V-321499, Fernandez, Maria Francisca Babio-Suarez De nee Maria Francisca Babio-Surez.
V-884966, Hsu, Kee Ming or Ming Kee Hsu or Thomas Hsu.
A-7991810, Hsu, Mrs. Kee Ming nee Lai Mai Chou or Chu Lei Mai or Chou Lai Mai or Daisey Hsu or Chow Lai Mai.
A-6379694, Lee, Laura or Wan Ho Chao Lee.
A-6149070, Lee, Shu-Ching.
A-7450671, Szaja, Mordka.
A-7910983, Szaja, Toni.
V-683113, Singer, Josef.
V-379740, Singer, Vera (nee Verona Stein).
A-6757009, Skarzynski, Alexis Edouard De.
A-6184237, Arra, Esa Kultimo.
E-6999, Arra, Kettu Serafina.
0300-415564, Beecher, Henry Ward or George McLean or Leslie Bell.
A-6699540, Beinhauer, Karel Vladimir.
A-6699541, Beinhauer, Maria Alexandra nee Neuman.
A-6912306, Papadokos, Stavroula or Stella.

FUNERAL EXPENSES OF THE LATE SENATOR HUNT

Mr. JENNER, from the Committee on Rules and Administration, to which was referred the resolution (S. Res. 269), submitted by Mr. BARRETT on June 23, 1954, reported it favorably, without amendment, and it was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed to arrange for and

attend the funeral of Hon. Lester C. Hunt, late a Senator from the State of Wyoming, on vouchers to be approved by the Committee on Rules and Administration.

REPORTS ON DISPOSITION OF EXECUTIVE PAPERS

Mr. CARLSON, from the Joint Select Committee on the Disposition of Executive Papers, to which were referred for examination and recommendation five lists of records heretofore transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted reports thereon pursuant to law.

BILLS INTRODUCED

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

By Mr. EASTLAND (for himself and Mr. STENNIS):

S. 3682. A bill to authorize the conveyance of certain lands in Lauderdale County, Miss., to the Choctaw Area Council of the Boy Scouts of America; to the Committee on Interior and Insular Affairs.

By Mr. CASE (by request):

S. 3683. A bill to amend the District of Columbia Credit Union Act; to the Committee on the District of Columbia.

By Mr. LEHMAN:

S. 3684. A bill for the relief of Giuseppe Ventura; to the Committee on the Judiciary.

By Mr. GORE:

S. 3685. A bill to amend section 123 (b) of title 28 of the United States Code, as amended, so as to establish an additional division of the United States district court for the middle district of Tennessee; to the Committee on the Judiciary.

EMPLOYEE WELFARE AND PENSION FUNDS

Mr. IVES submitted the following resolution (S. Res. 270), which was referred to the Committee on Labor and Public Welfare:

Resolved, That Senate Resolution 225, 83d Congress, agreed to April 28, 1954 (authorizing an investigation of employee welfare and pension funds) is amended (1) by deleting "funds under collective-bargaining agreements" in the first sentence of the first section and inserting in lieu thereof "plans and funds subject to collective-bargaining," and (2) by deleting "$75,000" in section 2 and inserting in lieu thereof "$201,100."

COLORADO RIVER STORAGE PROJECT AND PARTICIPATING PROJECTS—AMENDMENT

Mr. JOHNSON of Colorado submitted an amendment intended to be proposed by him to the bill (S. 1555) to authorize the Secretary of the Interior to construct, operate, and maintain the Colorado River storage project and participating projects, and for other purposes, which was referred to the Committee on Interior and Insular Affairs, and ordered to be printed.

REVISION OF INTERNAL REVENUE LAWS—AMENDMENTS

Mr. LANGER submitted an amendment, intended to be proposed by him to the bill (H. R. 8300) to revise the Internal Revenue laws of the United States, which was ordered to lie on the table and to be printed.

Mr. MARTIN submitted amendments intended to be proposed by him to House bill 8300, supra, which were ordered to lie on the table and to be printed.

Mr. AIKEN submitted amendments intended to be proposed by him to House bill 8300, supra, which were ordered to lie on the table and to be printed.

Mr. BRIDGES submitted amendments intended to be proposed by him to House bill 8300, supra, which were ordered to lie on the table and to be printed.

Mr. BYRD submitted an amendment, intended to be proposed by him to House bill 8300, supra, which was ordered to lie on the table and to be printed.

COMPENSATION OF GENERAL COUNSEL OF DEPARTMENT OF COMMERCE—CHANGE OF REFERENCE

Mr. BRICKER. Mr. President, I ask unanimous consent that the Committee on Interstate and Foreign Commerce be discharged from further consideration of the bill (H. R. 8921) to provide a $200 per annum increase in the rate of pay of the General Counsel of the Department of Commerce, and that it be referred to the Committee on Post Office and Civil Service, since an identical bill, S. 3354, is now pending in that committee. The House bill was reported by the House Committee on Post Office and Civil Service, so I feel that H. R. 8921 should be sent to the corresponding committee in the Senate for consideration along with its companion bill, S. 3354, which was introduced by the junior Senator from Kansas [Mr. CARLSON].

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio? The Chair hears none, and it is so ordered.

TRANSMISSION OF CERTAIN GAMBLING INFORMATION IN INTERSTATE COMMERCE—RETURN OF SENATE BILL 2314 TO COMMITTEE

Mr. BRICKER. Mr. President, in line with unanimous action taken today by the Senate Committee on Interstate and Foreign Commerce, I ask unanimous consent that the bill (S. 2314) to prohibit transmission of certain gambling information in interstate commerce by communications facilities, be taken from the calendar and returned to that committee for further consideration. The committee, by unanimous action, today ordered reported favorably a bill covering the same subject but different in several major respects.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio? The Chair hears none, and it is so ordered.

THE UNIVERSAL COPYRIGHT CONVENTION—MOTION TO RECONSIDER

Mr. NEELY. Mr. President, as in executive session, at the request of the American Federation of Labor and the International Typographical Union, I enter a motion to reconsider the vote by which the Senate agreed to the resolution of ratification of Executive M, to ratify the Universal Copyright Convention.

And I move that the Senate request the President to return to it this resolution.

My vote in favor of ratification, as shown by the record, establishes my eligibility to make this motion.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from West Virginia that the President be requested to return the resolution of ratification of Executive M, to ratify the Universal Copyright Convention.

Mr. KNOWLAND. Mr. President, I move to lay the motion on the table.

Mr. NEELY. Mr. President, will not the distinguished Senator from California withhold his motion for a moment?

Mr. KNOWLAND. Yes.

Mr. NEELY. Mr. President, the able Senator from Oregon [Mr. MORSE] desires to address the Senate relative to the subject matter of the pending motion. Therefore, I request the majority leader to withhold his undebatable motion to lay my motion on the table until after the Senator from Oregon has had an opportunity to be heard.

The PRESIDING OFFICER. The Chair informs the Senator from West Virginia that this is not a debatable question.

Mr. NEELY. Mr. President, that is, of course, correct. But I am not debating the question. I am simply asking the Senator from California temporarily to withhold his motion.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. I have no objection to withholding the motion if I do not thereby lose any parliamentary rights I have to make the motion. I do not wish to have a situation in which the treaty will be held in abeyance. I am perfectly willing, by unanimous consent, if I still have the privilege, in order to permit a reasonable explanation to be made of the reasons for making the motion by the Senator from West Virginia, to withhold my motion to lay on the table, which, of course, would cut off debate. However, by withdrawing or withholding the motion, I do not wish to forego any parliamentary rights I have to make such a motion; neither do I wish to have develop a situation in which the treaty will be held in suspended animation, as it were, for any prolonged period of time.

The PRESIDING OFFICER. The Chair wishes to inform both Senators that neither motion is debatable. So the Senator from West Virginia would also have to withdraw his motion.

Mr. KNOWLAND. Mr. President, I shall be perfectly willing to withdraw my motion to lay on the table if the distinguished Senator from West Virginia will withdraw his motion to reconsider. In that event, the entire matter will be left where it was before the first motion

was made. Then, when the Senator from Oregon comes to the Chamber, he will be able to make, in his own time, whatever statement he cares to make; and thereafter, when the motion to reconsider is made, I shall not be foreclosed from making my motion.

Mr. NEELY. Mr. President, I thank the Senator from California.

In the circumstances, I ask unanimous consent to withdraw my motion until the Senator from Oregon enters the Chamber, and without losing my right to enter a motion to reconsider.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. GILLETTE. Mr. President, reserving the right to object, I wish to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Iowa will state it.

Mr. GILLETTE. Would the limitation on time on the filing of a motion to reconsider enter into the question of the right of the Senator from West Virginia later to enter the motion?

The PRESIDING OFFICER. The limitation is as of today; the Chair understands that the right to file the motion expires tonight.

Mr. KNOWLAND. So the motion would have to be made today.

Mr. GILLETTE. Therefore, I understand that the motion would have to be made later today, if at all. Is that correct?

Mr. KNOWLAND. Yes.

The PRESIDING OFFICER. Yes, later today.

Mr. MORSE. Mr. President, I wish to make a very brief statement in connection with the Universal Copyright Convention which the Senate approved the other day without debate.

I understand that the Senator from West Virginia [Mr. NEELY] proposes to make a motion to recall the convention from the White House for further consideration by the Senate. I understand he made such a motion and then withdrew it, intending to renew it later.

I further understand that the parliamentary situation is such that when he makes his motion, a motion will be made to lay his motion on the table. Therefore I believe that a brief argument in support of the motion should be made in advance of his making the motion.

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

Mr. MORSE. I yield.

Mr. NEELY. Mr. President, this is a very important matter. A quorum should be present to hear the distinguished Senator's convincing argument.

The PRESIDING OFFICER. Does the Senator from Oregon yield for the purpose of a quorum call?

Mr. MORSE. Ordinarily I do not yield for that purpose, but I think this is really the privilege of the Senator from West Virginia because I am really speaking to his motion, in advance of the motion being made. If he thinks a quorum should be present, I yield for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

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

Barrett	Green	Morse
Bowring	Hendrickson	Murray
Butler, Md.	Hickenlooper	Neely
Carlson	Hill	Pastore
Clements	Ives	Potter
Cordon	Jenner	Purtell
Crippa	Johnson, Tex.	Robertson
Daniel	Johnston, S. C.	Schoeppel
George	Knowland	Thye
Gillette	Lehman	Young
Goldwater	Martin	

Mr. SALTONSTALL. I announce that the Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senator from Wisconsin [Mr. McCARTHY] and the Senator from South Dakota [Mr. MUNDT] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Montana [Mr. MANSFIELD], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Oklahoma [Mr. MONRONEY], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

The PRESIDING OFFICER. A quorum is not present.

Mr. NEELY. Mr. President, I move that the Sergeant at Arms be directed to request, and, if necessary, to compel the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. AIKEN, Mr. ANDERSON, Mr. BEALL, Mr. BENNETT, Mr. BRICKER, Mr. BRIDGES, Mr. BURKE, Mr. BUSH, Mr. BUTLER of Nebraska, Mr. BYRD, Mr. CAPEHART, Mr. CASE, Mr. CHAVEZ, Mr. COOPER, Mr. DIRKSEN, Mr. DUFF, Mr. DWORSHAK, Mr. FERGUSON, Mr. FLANDERS, Mr. FREAR, Mr. FULBRIGHT, Mr. GORE, Mr. HAYDEN, Mr. HENNINGS, Mr. HOLLAND, Mr. HUMPHREY, Mr. JACKSON, Mr. JOHNSON of Colorado, Mr. KENNEDY, Mr. KERR, Mr. KILGORE, Mr. KUCHEL, Mr. LANGER, Mr. LENNON, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MAYBANK, Mr. McCARRAN, Mr. MILLIKIN, Mr. PAYNE, Mr. RUSSELL, Mr. SALTONSTALL, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. SMITH of New Jersey, Mr. STENNIS, Mr. SYMINGTON, Mr. UPTON, Mr. WATKINS, Mr. WELKER, and Mr. WILLIAMS, entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

Mr. MORSE. Mr. President, it is highly desirable that the Senate proceed to reconsider Executive M, the resolution to ratify the Universal Copyright Convention. There was no debate when this measure was adopted on June 25, 1954, and certain aspects of this complex measure were, therefore, not brought to the attention of the Senate.

First. This convention, and the legislation designed to implement it, discriminates against American authors, publishers, and printing-trades workers.

Under our present law, we require that certain formalities be complied with to obtain copyright in this country. These include the payment of a fee, registration of the copyright, and deposit of the work with the Library of Congress. These conditions are presently identical for American and foreign authors and publishers. Under the proposed convention, American citizens, and alien residents in this country, would continue to be subject to these requirements, while foreign nations would acquire full copyright protection in this country by merely printing in their work the letter "C" surrounded by a circle, the name of the copyright owner, and the first year of publication. Foreigners would thereby be allowed copyright under less onerous conditions than our own nationals.

Under our present law, copyright protection expires at the end of 5 years unless the work is, during that period, manufactured in the United States. The foreign author or publisher may, during that 5-year period, import into this country 1,500 copies in order to test our market and determine whether publication in this country is feasible. The reason for the manufacturing clause is evident. The wages and working conditions in the printing industry abroad are far below American standards. A copyright grants a monopoly of our domestic market, and if foreign authors and publishers can be assured this monopoly, it is to be anticipated that they will also seek to preserve for themselves the profits to be derived from the manufacture of the works.

The proposed convention would repeal the manufacturing clause as to foreign authors and publishers, but not as to Americans.

Mr. President, I wish to repeat that sentence, because this is one of the discriminations of the convention against American authors. The proposed convention would repeal the manufacturing clause as to foreign authors and publishers, but not as to Americans.

The consequence is that the foreign author or publisher may shop around the world for the cheapest printing costs and import his works into this country, without limitation, and with an assured monopoly of the domestic market. The American author or publisher, however, must manufacture his work in this country or lose copyright protection at the end of 5 years. No valid reason for this discrimination against our own citizens has been advanced. It gives the foreign author or publisher marked advantages in our home market and must result in prejudice to American authors, publishers, and printing-trades employees.

Second. The proposed convention does not give us reciprocal protection.

Under present arrangements, American authors and publishers obtain copyright protection abroad principally through the device of simultaneous publication; that is, works are put on sale in a country which is a member of the Bern Copyright Convention of 1886 at the same time that it is published in this country. We have never adopted the Bern Convention, but the countries

which have, have recognized over many generations our right to obtain copyright in this manner. If they did not recognize copyrights of American authors, foreign publishers could pirate American works, without the payment of royalties, to the great detriment of their native authors. In this way, American authors and publishers have had substantially complete protection in foreign countries through the device of simultaneous publication.

The proponents of the Universal Convention apply to this system the epithet "back door," in an effort to make it appear that our citizens have been guilty of some underhanded subterfuge. But the practice has been going on for generations; it could have been changed at any time by the countries adhering to the Bern Convention; it is entirely lawful; and is to the advantage of the Bern countries. A proviso to the Bern Convention allows any member nation to refuse to recognize copyrights obtained through simultaneous publication; it is significant that no country has ever done so.

In the face of these attacks on copyright obtained through simultaneous publication, it is curious that the proposed Universal Copyright Convention continues this practice, but to our great detriment.

Russia, China, and other satellite countries have announced that they will not adhere to the Universal Copyright Convention; at the present time, and for the foreseeable future, there is no way in which an American author or publisher can obtain copyright protection in those countries.

In other words, the Senate has sent to the White House, in my judgment, a convention which discriminates against America and in favor of world communism. We talk in the Senate about our being so anxious to do what we can to stem the tide of communism throughout the world, yet we ratify a copyright convention which plays into the hands of Red authors to the detriment of American authors. Will anyone tell me that that is a fair copyright convention?

The convention should be returned to the Senate by the White House, and it should be rejected on the ground that we desire to protect American publishers and American authors from the advantage that the convention would give to Communist authors.

The proposed convention would not change this. But it would grant Russian, Chinese, and other satellite authors copyright protection in this country. Through the device of simultaneous publication, a Russian author, by placing some copies of his work on sale in Paris, or elsewhere, would have full copyright protection in this country; that is, a protected monopoly of our domestic market.

Thus, the proponents of this convention, who attack the device of simultaneous publication as somehow immoral when done by our citizens, propose to extend the right to citizens of Communist countries. Under the existing provisions of the Bern Convention, we would at least have the right to refuse to recognize copyright so obtained. But the Universal Convention contains no such reservation. By adhering to it, we extend copyright protection irrevocably to Communist authors, while obtaining no reciprocal protection for our nationals whatever.

The objective of easy and adequate copyright protection is altogether laudable. But it is folly to grant such protection in a manner that discriminates against our nationals and does not give us rights which are the equal of what we grant. I emphasize that this is not a question of protectionism as against free trade. A copyright, by definition, is a grant of a monopoly—the very antithesis of free trade. The only question involved in the proposed convention and in the debate is the wisdom of granting such a monopoly to foreign authors and publishers under conditions more favorable than apply to American authors and publishers, and without securing equal protection for our citizens abroad. The convention meets neither of these tests.

I think the convention was ratified by the Senate only because sufficient time was not taken really to focus attention on it and to bring it under the microscope of intelligent examination.

I believe the Senator from West Virginia [Mr. NEELY] is about to propose a very sound motion, and I should like the privilege now of yielding to him, so that he can make the motion which seeks to recall the convention from the White House.

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

Mr. MORSE. I yield first to the Senator from Nevada.

Mr. McCARRAN. I desire to associate myself with the remarks of the Senator from Oregon. I am one of the three Members of the Senate who voted against the ratification of the copyright convention. I am exceedingly interested in the fact that it should be returned from the White House, studied, and properly changed. I agree with the remarks of the Senator from Oregon.

Mr. MORSE. Mr. President, I now yield to the Senator from West Virginia.

Mr. NEELY. Mr. President, if the Senator from Oregon has completed his remarks, which are certainly timely and of the utmost importance to every Member of the Senate, I now renew my motion.

The PRESIDING OFFICER. Will the Senator from West Virginia restate his motion?

The Chair recognizes the Senator from West Virginia.

Mr. NEELY. Mr. President, as in executive session, I enter a motion to reconsider the vote by which the Senate agreed to the resolution of ratification of Executive M, to ratify the Universal Copyright Convention, and move that the Senate request the President of the United States to return to it this ratification resolution.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from West Virginia that the President of the United States be requested to return to the Senate the resolution of ratification of Executive M, the Universal Copyright Convention. No debate is in order.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

Mr. MORSE. I ask for the yeas and nays.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

Mr. KNOWLAND. I ask for the yeas and nays.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Gillette	Martin
Anderson	Goldwater	Maybank
Barrett	Gore	McCarran
Beall	Green	Millikin
Bennett	Hayden	Morse
Bowring	Hendrickson	Murray
Bricker	Hennings	Neely
Bridges	Hickenlooper	Pastore
Burke	Hill	Payne
Bush	Holland	Potter
Butler, Md.	Humphrey	Purtell
Butler, Nebr.	Ives	Robertson
Capehart	Jackson	Russell
Carlson	Jenner	Saltonstall
Case	Johnson, Colo.	Schoeppel
Clements	Johnson, Tex.	Smathers
Cordon	Johnston, S. C.	Smith, Maine
Crippa	Kerr	Smith, N. J.
Daniel	Kilgore	Stennis
Dirksen	Knowland	Symington
Dworshak	Kuchel	Thye
Ferguson	Langer	Upton
Flanders	Lehman	Watkins
Fulbright	Long	Welker
George	Magnuson	Williams

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the motion of the Senator from California [Mr. KNOWLAND] to lay on the table the motion of the Senator from West Virginia [Mr. NEELY] to reconsider the vote by which the Senate agreed to the resolution of ratification of Executive M, to ratify the Universal Copyright Convention.

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 Kentucky [Mr. COOPER] and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Pennsylvania [Mr. DUFF], the Senator from Nevada [Mr. MALONE], the Senator from Wisconsin [Mr. McCARTHY], the Senator from South Dakota [Mr. MUNDT], and the Senator from North Dakota [Mr. YOUNG] are necessarily absent.

If present and voting, each of the above-listed Senators would vote "yea."

Mr. CLEMENTS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senators from North Carolina [Mr. ERVIN and Mr. LENNON], the Senator from Delaware [Mr. FREAR], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Montana [Mr. MANSFIELD], the

Senator from Arkansas [Mr. McCLELLAN], the Senator from Oklahoma [Mr. MONRONEY], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

I announce further that if present and voting the Senator from Virginia [Mr. BYRD], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from North Carolina [Mr. LENNON] would vote "yea."

The result was announced—yeas 52, nays 23, as follows:

YEAS—52

Aiken	Ferguson	Martin
Barrett	Flanders	Maybank
Beall	Fulbright	Millikin
Bennett	George	Payne
Bowring	Gillette	Potter
Bricker	Goldwater	Purtell
Bridges	Green	Robertson
Bush	Hayden	Saltonstall
Butler, Md.	Hendrickson	Schoeppel
Butler, Nebr.	Hickenlooper	Smith, Maine
Capehart	Holland	Smith, N. J.
Carlson	Humphrey	Thye
Case	Ives	Upton
Cordon	Jenner	Watkins
Crippa	Johnson, Tex.	Welker
Daniel	Knowland	Williams
Dirksen	Kuchel	
Dworshak	Langer	

NAYS—23

Anderson	Johnston, S. C.	Murray
Burke	Kerr	Neely
Clements	Kilgore	Pastore
Gore	Lehman	Russell
Hennings	Long	Smathers
Hill	Magnuson	Stennis
Jackson	McCarran	Symington
Johnson, Colo.	Morse	

NOT VOTING—21

Byrd	Ervin	McCarthy
Chavez	Frear	McClellan
Cooper	Kefauver	Monroney
Douglas	Kennedy	Mundt
Duff	Lennon	Sparkman
Eastland	Malone	Wiley
Ellender	Mansfield	Young

So the motion to lay on the table was agreed to.

Mr. HICKENLOOPER. Mr. President, because of the parliamentary situation, and because the motion to reconsider and the motion to lay that motion on the table were not debatable, I did not have an opportunity to place in the RECORD what I believe to be some facts which the record should show in connection with the Universal Copyright Convention.

In the first place, in connection with the argument that the convention may result in the displacement of American labor, an analysis in the hearings and in the report shows that the great likelihood is that the convention will not decrease, but will, indeed, increase the employment possibilities for American labor in the book-manufacturing and printing business. The evidence submitted establishes that American labor will not be injured in any way by this convention and the implementing legislation. The problem is examined in detail at pages 12–14 of the committee's report.

I invite the attention of Senators to the statement on behalf of the CIO which was made in connection with the hearings. The CIO states:

After examining all of the economic arguments that appear to be involved in the consideration of this issue, it is the viewpoint of the CIO that there is no legitimate interest of American workers which is sufficiently threatened to justify any hesitation to proceed with this proposed legislation and secure for this Nation and other nations the great benefit which enactment of this proposed bill and of the Universal Copyright Convention would achieve.

It is interesting to note that, so far as the committee knew, every author, every composer, every music company, every Catholic, Protestant, and Christian Science publication society, radio and television organization, every publishing house, even the Book Manufacturing Institute, whose interests are identical with the typographical unions, and everyone else concerned with the protection of copyrights supported this convention. I wish to have the record show that there was not a single bit of opposition on the part of those who are interested in the protection of copyrights. There was no objection on the part of anyone in that category.

There was a temporary objection on the part of certain motion-picture sound track producers, who contended that their rights would not be fully protected. They went into the subject thoroughly, and subsequently withdrew their objection and told the committee that they were convinced that their rights were fully protected and that the convention was to their benefit and best interest.

So far as the Russian situation is concerned, that question was raised on the floor a moment ago. The Russians can do virtually everything today that they could do under this convention. The convention adds little, if anything, to what the Soviets can do right now under existing American copyright law. The Russians could always have achieved protection here by copyrighting their works in any of the countries—such as Italy or France—with which we have long had bilateral copyright arrangements. Even under our own statutes English-language translations of works by Russian leaders can be, and have been, registered for copyright here by a Communist publishing house in the United States. The attention of the Senate is directed to pages 16–17 of the committee's report, which fully examines the argument. So, the convention does not, in fact, to any substantial degree, enlarge the opportunity of the Communist countries to profit. On the other hand, it satisfactorily protects our people, who have had no sure protection over the years. It assures to them the right to the fruits of their labor. I have never seen a treaty receive such universal approval by all components.

Mr. President, I merely wish to make this statement for the record.

Mr. MORSE. Mr. President, as soon as I can obtain the floor, I shall reply to the Senator from Iowa in my own time. I consider him wrong with respect to 90 percent of the points made in his speech.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 91) to express the sense of Congress on interference in Western Hemisphere affairs by the Soviet Communists.

The message also announced that the House had concurred in the amendment of the Senate numbered 1, to 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, with an amendment, in which it requested the concurrence of the Senate, and that the House concurred in the amendment of the Senate numbered 2, to the bill.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 9203) making appropriations for the legislative branch and the judiciary branch for the fiscal year ending June 30, 1955, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Bow, Mr. COON, Mr. TABER, Mr. SCRIVNER, Mr. KIRWAN, Mr. GARY, and Mr. CANNON were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9517) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District 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 2, 4, 8, 14, 17, 23, 33, 36, 37, 38, 39, and 40 to the bill, and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 15 and 20 to the bill and concurred therein, each with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following joint resolutions, in which it requested the concurrence of the Senate:

H. J. Res. 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;

H. J. Res. 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; and

H. J. Res. 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.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 3318. An act to provide for a continuance of civil government for the Trust Territory of the Pacific Islands;

H. R. 6465. An act to amend paragraph 1530 of the Tariff Act of 1930 with respect to footwear;

H. R. 8680. An act making appropriations for the Department of the Interior for the

fiscal year ending June 30, 1955, and for other purposes; and

H. R. 7709. An act to continue until the close of June 30, 1955, the suspension of certain import taxes on copper.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 29, 1954, he presented to the President of the United States the enrolled bill (S. 3318) to provide for a continuance of civil government for the Trust Territory of the Pacific Islands.

HOUSE JOINT RESOLUTIONS REFERRED

The following joint resolutions were severally read twice by their titles and referred to the Committee on Finance:

H. J. Res. 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;

H. J. Res. 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; and

H. J. Res. 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.

DISTRICT OF COLUMBIA APPROPRIATIONS—CONFERENCE REPORT

Mr. DIRKSEN. Mr. President, I submit a 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. 9517) making appropriations for the government of the District of Columbia, and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1955, and for other purposes. I ask unanimous consent for the present consideration of the report.

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

The Chief Clerk read the report.

(For conference report see proceedings of the House of Representatives of June 29, 1954, pp. 9174, 9175, CONGRESSIONAL RECORD.)

Mr. MAGNUSON. Mr. President, I do not believe that we on this side of the aisle should agree to the conference report without again saying how much most of us, who were so busy on other conference reports, appreciate the work of the Senator from Illinois on the District of Columbia appropriation bill.

Mr. DIRKSEN. I thank my friend from Washington.

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

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

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 9517, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
June 29, 1954.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 2, 4, 8, 14, 17, 23, 33, 36, 37, 38, 39, and 40 to the bill (H. R. 9517) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1955, and for other purposes, and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 15, and concur therein, with an amendment, as follows: In lieu of the sum proposed in said amendment insert "$80,000."

That the House recede from its disagreement to the amendment of the Senate numbered 20, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert "not to exceed $1,000 for attendance without loss of pay or time at specialized medical or public health training courses or institutes, tuition and entrance fees, and travel expenses and fees for visiting lecturers or experts in public health and related fields."

Mr. DIRKSEN. Mr. President, I move that the Senate concur in the House amendments.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois.

The motion was agreed to.

TRANSFER OF HOSPITAL AND HEALTH FACILITIES FOR INDIANS

Mr. KERR. Mr. President, by unanimous consent agreement at 4 o'clock p. m. today the Senate will proceed to vote on the final passage of House bill 303, a bill to transfer the maintenance and operation of hospital and health facilities for Indians to the Public Health Service, and for other purposes.

On Friday last there was considerable discussion of this bill. I wish to take this opportunity to congratulate my colleague [Mr. MONRONEY] and the distinguished Senator from New Mexico [Mr. ANDERSON] for the arguments against the bill they made in that debate.

Mr. President, I am glad that the Senate adopted amendments to this bill to delay the transfer 1 year, and barring the closing of hospitals now serving specific Indian tribes unless agreed to by the tribes' governing body. Even so, the bill still should be defeated.

If this bill is enacted, it will result in the complete disruption of the health care of the Indian population of my State. Oklahoma has one-third of the Indian population of the United States. The congressional delegation of Oklahoma to a man opposes this bill because it is not in the remotest way favorable to the welfare of our Indian citizens. This opposition on the part of the Members of the Oklahoma delegation is bipartisan. The distinguished Republican Member of our delegation, Mr. PAGE BELCHER, has stood up with the rest of us in an attempt to persuade the committees of Congress that this bill is not in the public interest. A letter was signed by each Member of the Oklahoma delegation, urging the Interior and Insular Affairs Committee not to take favorable action on this bill. We each, and all of us, believe that we are in a position to know what is best for our Indian citizens as it relates to the matter of looking after their health.

I know that Congress is interested in the general welfare of the Indians. I know that Congress is generous in its attitude toward them, and I know it wants to be understanding in its actions with reference to them. I remind the Senate that there has been no proof in any testimony I have seen, nor has it been shown by the debate on the floor, that the Government would be better off in any regard if H. R. 303 were enacted into law. I wish to assure the Senate that the Indians would be much worse off.

In the first place, they would be unhappy about it to a marked degree. Their health and welfare would be ill served. They are determined in their opposition to the bill.

It is inconceivable to me that a proposal that represents no progress and no advantage to the Government in a matter relating to the Indians should be pressed so determinedly in the face of opposition by the Indians because it is so contrary to their wishes.

I want the Senate to know that the Government will not save any money by the transfer of the health care and hospitalization of the Indians from the Indian Service to the Public Health Service; but even if it could be shown that there would be a saving in dollars and cents, I hold that that would not justify an action which would be to the disadvantage and detriment and disappointment of tens of thousands of fine Indian citizens of my State.

I believe that should this transfer be made it would create adverse health conditions among our Indians, instead of improving them. To be forced into hospitals which they do not choose or want, to be forced to use facilities foreign to their desire and attitude, would create a condition whereby, even though their physical health would be improved, their mental health would be impaired to a degree and extent that would more than offset any improvement to their physical well-being.

I do not understand why there is such an urgent effort to pass this bill. The Bureau of the Budget has recommended against it. The Secretary of Health, Education, and Welfare is opposed to the transfer. The Indian Service itself has advised Congress that it opposed an identical bill which was pending before the Committee on Interior and Insular Affairs. I cannot understand the source of the apparent demand for the consideration and passage of this bill. I assure the Senate that the Indians of Oklahoma do not want it. I assure the Senate that the Members of Congress elected by all of the people of Oklahoma are opposed to it. I remind the Senate again that one-third of all the Indian citizens of our country are residents of the State of Oklahoma.

Mr. President, there have been statements made on the floor of this Chamber that would indicate that this would amount to a transfer of all existing facilities to the Public Health Service and the inference is made that the existing facilities would be operated by them. In carefully reading this bill, I find that it would be possible for the Public Health Service to consolidate, abandon, move, or transfer any Indian health facility that they desired. I quote from the bill:

All functions, responsibilities, and duties of the Department of the Interior, the Bureau of Indian Affairs, Secretary of the Interior, and the Commissioner of Indian Affairs relating to the maintenance and operation of hospital and health facilities for Indians, and the conservation of the health of Indians, are hereby transferred to, and shall be administered by, the Surgeon General of the United States Public Health Service, under the supervision and direction of the Secretary of Health, Education, and Welfare.

Mr. President, the Oklahoma delegation has been face to face with this problem for many years and particularly have they been faced with it in recent weeks. As a result of a survey made by the Department of the Interior, it was recommended that certain Indian hospitals in Oklahoma should be closed. The Oklahoma delegation was successful in securing a postponement of such action. The Indian Service at that time argued that the hospital facilities operated by the State of Oklahoma, by citizens, and by private concerns, were adequate to absorb the Indian patients. I doubt that is correct. Many of the communities in which there is a heavy Indian population advise me of inadequate hospital beds to take care of their present needs, and even if there were adequate facilities, the Indians of Oklahoma do not want to be forced to go into hospitals other than their own for outpatient treatment and for hospitalization.

Mr. President, I should like to have Senators ask this question as they consider their vote on this matter: Would they want Congress to pass an act compelling them to go to doctors other than the ones to whom they have been going? Senators may say there is no responsibility on the part of the Federal Government to continue this service. Mr. President, this program has been going on for many decades. It has been going on because it was authorized and operated by the Congress. It has been going on because of an obligation of the Congress and of the Government. That being the case, Mr. President, how can Senators arbitrarily and abruptly terminate and bring to a conclusion such an arrangement in violation of the wishes of the Indians themselves?

Mr. GOLDWATER. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield for a question.

Mr. GOLDWATER. I should like to answer the question raised by the Senator from Oklahoma in regard to denying Indians the right to go to doctors of their own choosing by posing a question to him: Would the Senator cling to a system of medical service that has filled only two-thirds of the necessary medical personnel of an entire Indian area embracing the States of Utah, Nevada, and Arizona, wherein live as many Indians as live in the State of Oklahoma, and with a far greater percentage of them illiterate? Would the Senator cling to that old method of furnishing medical care?

Mr. KERR. Mr. President, I know there is a tendency on the part of Senators to feel that from this lofty position they can look out yonder and scan the horizons of human beings who live in our country and feel that the greater wisdom and knowledge are to be found here.

But, Mr. President, this is a democracy, and one of the privileges of a democracy is to permit people to seek that which is a legitimate objective, even if those of greater knowledge and education and better judgment might think it would not be to their best interests.

I do not know what the conditions are in the States referred to by the distinguished Senator from Arizona. I do know what they are in Oklahoma, and I know, Mr. President, that when human beings have cause to receive hospital care and medical care they must have confidence in the physician. They need to be free from compulsion and from the feeling that something to which they are entitled and something which would be for their benefit is being denied, and that, instead, they are being given something they regard as being in violation of what they are convinced is to their best interests.

I would say to the Senator from Arizona that I do not know what the Indians in the States to which he refers desire, but if they want to cling to a system which the Senator from Arizona might regard as outmoded, I submit, Mr. President, that that is the privilege of American citizenship, which should not be lightly or arbitrarily taken away.

Mr. GOLDWATER. Mr. President, will the Senator from Oklahoma yield further?

Mr. KERR. For a question.

Mr. GOLDWATER. The Senator must realize that the Indians in the State of Arizona have—I will not say unanimously because I have not heard from all 15 tribes—but 95 percent of the tribes and the members have subscribed to the idea that they would be better off under the Public Health Service.

The Senator from Oklahoma still has not answered my question. Would the Senator cling to the Indian health service when the Indian health service has not provided, and is not providing, adequate medical care for the Indians of his State?

Mr. KERR. Mr. President, if there were inadequacies in the Indian health service in Oklahoma for our Indian people, I would seek to cure that deficiency by improving the service, not by destroying it. If there were, for instance, a boil on my foot, I would try to cure the boil. I would not want to cut my foot off.

Mr. GOLDWATER. The Senator might want to get a doctor to attend to it.

Mr. KERR. I would want to be the one to choose the doctor. I would want to have a voice with regard to the doctor. As an American citizen I would want to have some voice in deciding who should do it. That is what I am seeking for the Indian people of Oklahoma.

The Senator from Arizona may have talked to 95 percent of the Indians in his great State—and there are some very fine Indians there—and if he says he has, I would not dispute his statement. I have not talked to 95 percent of the Indians in Oklahoma, but I have talked to dozens of individuals and leaders, and, without exception, they are opposed to this bill. Without exception they feel that something to which they are entitled is being taken from them. Without exception they feel that their Government is going back on an obligation and an agreement, forcing something upon them which they do not want and which they feel there is a commitment and an obligation on the part of the Government not to undertake.

Mr. GOLDWATER. Mr. President, I admire the Senator from Oklahoma for representing the feelings of the Indians of his State, but the Indians of Oklahoma represent about a third of the Indians who are under the jurisdiction of the Government of the United States. Does the Senator feel that because this minority want to retain the Indian health service, the other two-thirds should be bound by the wishes and desires of the Oklahoma Indians?

Mr. KERR. I would not impose anything upon the Indians of the State represented by the Senator. That is the reason why I resent his and others seeking to impose upon the Indians of Oklahoma something they do not want and which they resent.

If the Senator from Arizona would introduce a bill for the benefit of the Indians in this State, that would be a different matter; but this bill affects scores of thousands of Oklahoma citizens. I wish to say to the Senator that I can not conceive such universal opposition on the part of the Indians of Oklahoma to this bill and then visualize a great desire for it on the part of the majority of the Indians of his State. But I do not seek to speak for them; I speak only for the Indians of Oklahoma.

Mr. GOLDWATER. Mr. President, will the Senator from Oklahoma yield for one more question?

Mr. KERR. I yield for a question.

Mr. GOLDWATER. The Senator from Oklahoma asks who in authority or who, in judgment, might have passed on this question. Is the Senator acquainted with a Dr. Lewis J. Moormen, of Oklahoma, who headed the American Medical Association committee which, in 1949, recommended the transfer of the medical care of the Navaho-Hopi Indians to the Public Health Service, and does the Senator——

Mr. KERR. If the Senator wishes me to answer his question, let me say that I have a one-track mind, and——

Mr. GOLDWATER. I realize the Senator might not know this doctor offhand, and I realize there are many doctors in Oklahoma. I wish to get into the RECORD the names of two rather prominent Oklahoma doctors who have been very instrumental in this recommendation.

Mr. KERR. I should like to ask the Senator at that point if they represent the Indians.

Mr. GOLDWATER. I am not in position to say. I would not say they represent them, because I do not know.

Mr. KERR. Does the Senator have any information that they or anyone else have said they are speaking for the Indians?

Mr. GOLDWATER. No; nor do I wish the Senator to infer that. The two sources I am quoting are Oklahoma doctors.

Mr. KERR. Did they make statements with reference to this bill?

Mr. GOLDWATER. This particular doctor made a statement with reference to the bill which was introduced by the Senator from Minnesota [Mr. THYE], which is substantially the same as this bill.

Mr. KERR. But they have made no statement with reference to this particular bill?

Mr. GOLDWATER. No. But the general purpose of the proposal has not changed, I may say, since it was first conceived approximately 12 or 14 years ago.

Dr. Shepherd, who is chairman of the committee on tuberculosis among Indians, of the National Tuberculosis Association, in February 1953, recommended support of the Thye bill.

Mr. KERR. Mr. President, the observations of the Senator from Arizona illustrate what I am speaking against, namely, someone trying to do something for someone else which is not wanted, under the mistaken idea that it would be good for him.

I have long been associated with the American Legion and other service organizations in Oklahoma. One of the great problems we have had has been that of providing hospital facilities for the Indians.

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

Mr. KERR. In a moment.

It has long been recognized by doctors and other health authorities familiar with the Indians that often the Indians do better in an environment with which they are familiar, or which permits them to be at home, without hospital facilities, rather than to require them to go to some other area or some other State, where they might benefit by modern hospital facilities.

The Indian health service, Mr. President, is not for inanimate people. It is not for unconscious persons, or for persons who have already departed this life. It is for persons who are conscious, who are capable of thinking for themselves, and a part of whose total personality is mental. We should not refuse to recognize that it is vitally necessary to operate on a basis which is harmonious to the patient, if the best results are to be obtained. I say to the distinguished Senator from Arizona, and other sponsors of the bill, that mental hazards and dangers would be created which would have worse effect upon the patients than could be compensated for by the benefits they would receive from any improvements which might be made available to them in the physical hospital facilities; and I deny that there would be any such improvements.

The Indian citizens of Oklahoma appointed representatives to come to Washington to oppose the passage of the bill. They pleaded that the transfer of facilities not be inflicted upon them. Those who came were among our finest citizens. They are worthy of the confidence of the Senate. Their standing and recognition are such that it can be accepted as a fact that they are representative of the views of the Indians of Oklahoma, and also of the people of Oklahoma as a whole.

Therefore, Mr. President, I urge that the Senate defeat the measure.

Mr. THYE. Mr. President, before the Senator from Oklahoma leaves the Chamber, I should like to ask him if he is entirely satisfied with the health service which is now afforded the Indians of the Nation.

Mr. KERR. I am not in a position to answer that question in the affirmative, but I may say to my good friend, the distinguished Senator from Minnesota, that I am thoroughly and firmly convinced that the bill would impair the health service afforded to the Indians, rather than improve it.

Mr. THYE. I was the author of the bill which was introduced in the Senate.

Mr. KERR. Does the Senator from Minnesota wish to ask me another question?

Mr. THYE. Yes, before the Senator leaves the floor.

I desire to inform the Senator from Oklahoma that we in Minnesota are endeavoring to improve the health services, health facilities, and care of the Indians. That was the reason why I introduced a bill similar to House bill 303.

Dr. A. J. Chesley is the executive officer and secretary of the Minnesota State Department of Health. He has served in that capacity for a great number of years, and is looked upon as one of the best State health officers in the Nation. He, together with many other persons who are vitally interested in the well-being of the Indian, as well as of all other citizens of the State and Nation, made recommendations which led me to prepare the bill I introduced. The bill now being considered is a House bill, and is almost identical with the bill I introduced for myself and on behalf of the distinguished senior Senator from Nebraska [Mr. BUTLER] in 1953. Our purpose in introducing the bill was to try to improve the health service and the health facilities of the Indians.

If the Senator from Oklahoma feels that the Indians of his State have the type of health service they desire, and that it is as good as could be hoped for, then, of course, the Senator is right in objecting to the bill. But after many years of interest in the care and well-being of the Indians, through the establishment of various types of hospitals and other health facilities which have been made available, I am not satisfied. I think that improvements can be made, and I believe the Department of Health, Education, and Welfare probably could do the work better than it has been done in the past. I am perfectly willing to authorize that Department, through the proposed legislation, to assume that responsibility.

I am quite certain that with the cooperation of the State and county health officers in every State of the Union, more especially, of course, in States which have large Indian populations, it will be possible to improve upon the facilities for the care of the health of the Indians, because it will then be possible to provide them with the same attention we now give to the health and welfare of the other races of people of the Nation.

This is what led me to introduce the bill. I had no intention of stepping backward, so to speak, in the care of the health of the people in general, or of the Indians in particular. I wanted to go forward, acting upon the recommendations of the physicians and the welfare officials who have had some concern that Indian children, Indian mothers, and Indians in general were not receiving the same standard of medical and hospital care as is being afforded other citizens of the States. That is what led the Senator from Nebraska and myself to introduce the bill and to endeavor to secure its enactment.

I am not only disturbed but I am very much concerned about the opposition which has been so ably expressed by the Senator from Oklahoma, because I would rather have the Senator from Oklahoma join in trying to improve the welfare of the Indians of his State, as we are trying to do in Minnesota.

Mr. KERR. Mr. President, I thank my good friend from Minnesota. There is no finer gentleman or abler Member of the Senate.

Mr. THYE. The Senator from Oklahoma is too complimentary.

Mr. KERR. There is no one whom I would be happier to join in working for an objective which was mutually desired. But I must say to the Senator from Minnesota that when I must choose between joining him in a pleasurable excursion into and an exploration of personal relationships and friendly attitudes, and representing from 150,000 to 175,000 citizens of my State, who have an entirely opposite viewpoint, I am compelled to stay with the citizens of my State.

I may say to the Senator from Minnesota that his discussion of the bill is in the same pattern as that which has been followed by other Senators who are in favor of the bill. The Senator from Minnesota is not an Indian. I do not say he is not an able representative of the Indians of his State. I know that he intends to be, but I wish to say to him that, in view of the fact that the bill deals with Indians and affects Indians, I have the conviction that they are entitled to be considered and to have a voice.

While I am glad to have the opinion of eminent medical authority, while I am glad to have the objective observations on the ideals entertained by Members of the Senate, I must say that when it comes to applying them to the citizens of my State, I am even more persuaded by the reaction of those citizens. I shall not dispute the fact that the Senator from Minnesota is convinced the enactment of the proposed legislation would be better for the Indians. It re-

minds me a little bit, Mr. President, of what my blessed mother used to say to me when she was either restraining me from doing something or punishing me for something I had done. She always assured me it hurt her worse than it did me, but that did not ease the pain that came to me in the operation. The difference between that illustration and the situation before the Senate is that the Indians of Oklahoma are just as smart as anybody else. They are just as well educated. They are an integral part of our citizenship. They are just as capable of having a voice in what they want and what will promote their welfare as any other citizens of my State. I wish to say to the great Senator from Minnesota that I am not quite sure but what their judgment about what is good for them is nearly as good as is the judgment of the Senator from Minnesota.

In view of their determined and, so far as I know, unanimous opposition to the proposed legislation, and in view of my recognition not only of their ability to judge for themselves, but of their right to judge for themselves, I urge the Senate not to pass legislation which the Indians will regard as being an infliction upon them and an impairment of their position and their rights instead of a benefit for them.

Mr. THYE. Mr. President, if the Senator will remain on the floor a few more minutes, I shall try humbly to state my opinion as to why I am supporting the proposed legislation. I know that I cannot do it as eloquently as could the Senator from Oklahoma. . I wish I could, because it would give me a great deal of pleasure at times to banter words back and forth with the Senator from Oklahoma. However, I have no such ability. All I can do is plod along and state why I have a strong feeling, even though some of the Indian people of my State may say they do not like the proposed legislation——

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

The PRESIDING OFFICER (Mr. AIKEN in the chair). Does the Senator from Minnesota yield to the Senator from Oklahoma?

Mr. THYE. Let me finish my thought. I was kind enough to listen to the Senator from Oklahoma. I should like to state my thought to the Senator. I visited the Indian reservations of my State. I went through the surgical rooms. I went through the hospital wards. I looked at the children. I looked at the medical facilities and the hospital facilities which were available. I said to myself that I thanked God that I had an opportunity to try to render a service to these people which would improve their lot. I sat down with men who had made a lifetime study of not only welfare matters, but of the science of medicine. I sat down with men who had joined with those from other States in an organization which was giving study to how they could improve the condition of the Indians, not only regarding education and medical care, but regarding taking care of Indian orphans.

After long study and conferences, observations on reservations, visits to hospitals, and other studies insofar as the care of Indians was concerned, the group of men made the recommendations which are embodied in the bill which the Senator from Nebraska [Mr. BUTLER] and I introduced in 1953, and which Representative JUDD cosponsored at a later time. It is the legislative proposal, with the objectives which I have stated, which is now before the Senate. The purpose is to improve the health measures which are now being taken to assist the Indians. The Senator from Oklahoma is just as responsible as is any other citizen of this country for the care which is being given the Indians, the orphan Indians, and the Indians who need hospitalization. The Senator from Oklahoma is among those who vote not only the funds, but to authorize the Indian Bureau of the Interior Department to take certain action both with respect to health measures and the general care of the Indians.

After having visited the reservations and made a study of the hospital and medical care available to the Indians, it was my concern that something be done to improve conditions which we have imposed on the Indians by our domination over them. That is the objective which is embodied in the bill.

If the Senator from Oklahoma does not want to support the bill designed to improve the situation existing with regard to the Indians in his State, I think he should offer constructive suggestions by offering to amend the bill. The Indians need the consideration of the Senator from Oklahoma as well as my consideration, because legislatively the Indians have been under the supervision of Congress for a great many years. We have not done enough for them. I am trying to help them by having enacted the bill which the Senator from Nebraska and I introduced.

Mr. KERR. The Senator from Minnesota underrates himself and exaggerates my ability in his praise of me. I appreciate what he has said, and I should like to make an observation about it. I have often been in discussion and debate with the Senator on the floor of the Senate, and he has often expressed the desire to be able to express himself, and so forth and so on, in the way the Senator from Oklahoma does. I have a little doubt of the degree of the intensity of his desire because, complimentary as he has been to me on so many occasions, so far as I can remember, there has not yet been one occasion when I persuaded him to join me in my viewpoint; and I must say that my failure ever to persuade the Senator from Minnesota convinces me that either I am not so persuasive as he has indicated, or that he is not so receptive as he ought to be.

The Senator from Minnesota indicated in his remarks something I know he did not mean when he made some statements which almost carried the implication that the Senator from Oklahoma either ought to learn more about what the situation is among the Indian population of Oklahoma or do something more than he is doing about it. What he has stated, Mr. President, is equivalent to pleading guilty to fleeing from the arms of one Federal agency, which he castigates, into the arms of another, which he praises. I cannot conceive of such an inconsistent position. If the services provided by the Government in the way of health facilities for Indians are inadequate, whose fault is it? Is it the Indians' fault? I should like to ask the Senator from Minnesota a question. If, through the years, the Indians have been neglected and mistreated by an instrumentality of their Government, what right would they have to expect that Utopia would open to them if they were compelled to be embraced by or move into the sphere of operation and influence of another Federal agency?

Mr. President, such a concept does not hold water or anything else. I repeat, if there is anything wrong with the health facilities provided by the Indian service, let us improve them. That is what the Indians want.

I say they are as much entitled to have their opinions, wishes, and convictions of what their rights are, considered on the floor of the Senate as are Senators to have their idealistic concepts and objectives considered.

Mr. GOLDWATER. Mr. President, will the Senator from Oklahoma yield before he leaves the floor?

Mr. KERR. I have yielded the floor.

Mr. GOLDWATER. Would the Senator from Oklahoma care to remain a second, to yield to me for a question?

Mr. KERR. The Senator from Arizona is exaggerating a little, because I doubt that there is anything he could either say or do in a second.

Mr. GOLDWATER. I doubt that there is anything I could do during the remainder of the session to change the Senator's mind.

However, some of the remarks made by the senior Senator from Oklahoma would seem to me to imply that those of us who advocate this step, against the wishes of the Senator from Oklahoma, know nothing about the situation of the Indians in our States.

Mr. KERR. Mr. President, I should like to say——

Mr. GOLDWATER. Mr. President, has the Senator from Oklahoma yielded the floor?

Mr. KERR. If I am going to stay here, I am going to make an observation.

Mr. GOLDWATER. Mr. President, I have not yielded for that purpose. I wish to make a statement.

Mr. KERR. The Senator from Arizona asked me if I would yield for a second.

The PRESIDING OFFICER (Mr. BUSH in the chair). The Chair rules that the Senator from Oklahoma has the floor, and that he yielded for a question.

Mr. GOLDWATER. That is not my interpretation of the situation, Mr. President; but I glady accept the Chair's ruling.

Mr. KERR. On that basis, Mr. President, I wish to make a statement in response to the question of the Senator from Arizona, and before he asks another question.

The Senator from Arizona asked whether the Senator from Oklahoma meant to imply that the Senator from

Arizona knew nothing. I wish to say that is a slight exaggeration—but not very great.

Now I yield for another question, if the Senator from Arizona wishes to ask one.

Mr. GOLDWATER. Mr. President, I should like to ask the Senator from Oklahoma how many years he spent living on the reservations with the Indians of his State?

Mr. KERR. Mr. President, I cannot tell whether that is a question seeking information or one seeking to impeach my private life. I must say I should like to have the Senator from Arizona be more specific in his question.

Mr. GOLDWATER. Mr. President, the Senator from Oklahoma has not only implied but he has rather openly stated that he doubts that the Senator from Arizona knows what he is talking about when he talks about Indian health.

I should like to tell the Senator from Oklahoma that although I do not profess to be a thorough expert on the Indians, I have lived on, and still maintain a residence on the Navaho Reservation. I have ministered to the Indians there as best I could, in view of my limited knowledge of first aid. So I think I speak with some knowledge of them. In fact, I think I speak with as much knowledge as does the Senator from Oklahoma.

There is no need to get into a personal argument on this subject.

Mr. KERR. Then let us avoid it.

Mr. GOLDWATER. The Senator from Oklahoma has represented the Indians of his State as not wanting this program. I believe the Senator from Arizona has as much right to represent the Indians of his State as wanting it.

In this connection, I wish to make one point. However, I shall not state it in the form of a question; and then we can end this.

Mr. KERR. Then, Mr. President, I yield the floor.

Mr. GOLDWATER. Mr. President, on the Papago Reservation, in my State, the average life expectancy of an Indian baby is 17 years, whereas the average life expectancy of white persons living in the United States is 68 years.

What I wished to ask the Senator from Oklahoma was whether those figures indicate, in his opinion, that the Indians have been receiving good medical service, or whether those Indians have a right to take the position that, after years of this health service, perhaps there is a better solution to the health problems of the Indians of the United States.

Mr. President, inasmuch as the Senator from Oklahoma has left the floor, I shall complete the record of this debate with that statement.

I now yield the floor.

REVISION OF INTERNAL REVENUE LAWS

The Senate resumed the consideration of the bill (H. R. 8300) to revise the internal revenue laws of the United States.

Mr. LANGER. Mr. President, I send to the desk an amendment to the pending bill, and ask that it be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. MARTIN. Mr. President, I send to the desk an amendment to House bill 8300, and ask that it be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

The question is on agreeing to the amendment of the Senator from Georgia.

Mr. THYE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Beall	Cordon	Payne
Bennett	Daniel	Smith, N. J.
Bowring	Fulbright	Thye
Bricker	Gore	Upton
Bush	Jenner	Williams
Butler, Md.	Johnson, Tex.	
Chavez	Knowland	

The PRESIDING OFFICER. A quorum is not present.

Mr. THYE. Mr. President, I move that the Sergeant at Arms be directed to request the presence of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. AIKEN, Mr. ANDERSON, Mr. BARRETT, Mr. BRIDGES, Mr. BURKE, Mr. BUTLER of Nebraska, Mr. BYRD, Mr. CAPEHART, Mr. CARLSON, Mr. CASE, Mr. CLEMENTS, Mr. COOPER, Mr. CRIPPA, Mr. DIRKSEN, Mr. DOUGLAS, Mr. DUFF, Mr. DWORSHAK, Mr. FERGUSON, Mr. FLANDERS, Mr. FREAR, Mr. GEORGE, Mr. GILLETTE, Mr. GOLDWATER, Mr. GREEN, Mr. HAYDEN, Mr. HENDRICKSON, Mr. HENNINGS, Mr. HICKENLOOPER, Mr. HILL, Mr. HOLLAND, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JOHNSON of Colorado, Mr. JOHNSTON of South Carolina, Mr. KENNEDY, Mr. KERR, Mr. KILGORE, Mr. KUCHEL, Mr. LANGER, Mr. LEHMAN, Mr. LENNON, Mr. LONG, Mr. MAGNUSON, Mr. MARTIN, Mr. MAYBANK, Mr. MCCARRAN, Mr. MILLIKIN, Mr. MORSE, Mr. MURRAY, Mr. NEELY, Mr. PASTORE, Mr. POTTER, Mr. PURTELL, Mr. ROBERTSON, Mr. RUSSELL, Mr. SALTONSTALL, Mr. SCHOEPPEL, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. STENNIS, Mr. SYMINGTON, Mr. WATKINS, Mr. WELKER and Mr. YOUNG entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

PROPAGANDA RELATING TO THE PRESIDENT'S POSITION ON FARM PRICE SUPPORTS

Mr. AIKEN. Mr. President, one of the choicest bits of false propaganda going the rounds today is the charge that during the campaign of 1952 President Eisenhower at Kasson, Minn., promised the farmers that he was for 90-percent support prices for basic agricultural commodities and eventually for 100 percent.

This bit of propaganda is broadcast in such a way, particularly throughout the States of the Mississippi-Missouri Rivers watershed, as to lead farmers to believe the President actually made such a promise.

It is time that this libel on the President's words is brought into the open.

Before making the Kasson speech, President Eisenhower was very careful to word it so that it could not be mistaken as a promise to carry on rigid supports after the crop year of 1954.

There was no misconception among the Democrats in the fall of 1952 as to what the President said and meant.

A month before election the Democratic Committee for Agricultural Progress put a publication called Agricultural Progress Newsletter in the mailbox of virtually every farmer in the United States.

In this October issue the farmers were repeatedly told that President Eisenhower was not for rigid 90-percent supports.

I will quote some of these statements which appeared in this publication for October 1952:

> The Republicans passed their price-support law in 1948 during the GOP-controlled 80th Congress. It was the notorious 60- to 90-percent sliding scale, with a new parity formula. The 1948 act is defended in the present Republican platform. Although agreeing to keep the present supports for 2 years, General Eisenhower has not moved from his party's long-time low-support position.

Again, I quote from the same publication:

> The Republican Party's farm record was thrown into the political campaign by Gen. Dwight D. Eisenhower when he made the claim at Kansas City that the GOP has "overwhelmingly supported" the present farm program.
>
> The general tried again to create this impression when he declared at Kasson, Minn., that he and the Republican Party "stand behind the price-support laws now on the books"—a statement widely misinterpreted as endorsement of 90 percent supports. Actually it means sliding scale after 1954.

Still again I quote from this Democratic campaign publication:

> Beyond defense of the 60 percent to 90 percent law, the Republican platform makes no Federal price-support commitment.
>
> General Eisenhower has himself avoided a basic statement on his price-support view by declaring that he and the Republican Party support the present farm law. The present farm law, unless amended, will slide farm price supports down into the basement after 1954.

The words "the present farm law" are in capital letters. And still again we find this statement:

> The Republican 80th Congress passed a farm law with a 60 percent to 90 percent sliding scale of price supports. Under that law, mandatory supports for wheat would be down to $1.27 per bushel today. Corn price supports could go as low as 97 cents a bushel. Cotton supports could drop to 20 cents. The Republican 1952 platform defends this sliding-scale law, laden with economic disaster for the farmers.

The last sentence is in capital letters: And, finally, we read this:

> Senator Taft recently announced that he and General Eisenhower are in accord on do-

mestic policy. He specifically mentioned farm policy. Taft is a sliding-scale advocate.

Mr. CASE. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. CASE. I was wondering if the Senator was going to speak with reference to the speech the President made at Brookings, S. Dak. I will say to the Senator that the statement being quoted through the Dakotas and in the Missouri Basin disturbed the farmers of South Dakota probably more than did the speech at Kasson, Minn.

Mr. AIKEN. I did not intend to quote from that speech. It was my understanding that it was an extemporaneous speech and was interpreted by those present to mean whatever they said it meant. I am quoting from comments by the Democratic Farm Progress Committee on the President's speech at Kasson, Minn. I have some other quotations also.

Mr. DANIEL. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I should like to finish my statement, but I am glad to yield to the Senator from Texas.

Mr. DANIEL. Is the Senator from Vermont going to quote, also, from Republican Party information sheets which were issued with reference to the President's stand on the farm program? After reading his interpretation of the Democratic campaign committee's comments, does the Senator intend to tell us about what the Republican campaign committee published with reference to the President's position on the farm program?

Mr. AIKEN. I will say to my friend from Texas that when I finish what I have to say he will find that I am casting no reflection whatsoever upon the Democratic Party and the Democratic management. I am simply quoting from their official publication which stated time and again that President Eisenhower was not for high rigid supports, warning farmers that if they voted for General Eisenhower they must expect him to support flexible price supports.

Mr. DANIEL. My recollection is that in some of the Eisenhower campaign material an explanation was made of the candidate's position which would lead some persons, and which did lead the junior Senator from Texas, to understand that he, Mr. Eisenhower, favored the continuation of the present farm program.

Mr. AIKEN. I have never seen such material, although I do not say that in some areas of the country it did not exist. But I have never seen it. I have simply read excerpts from the Democratic document which was put into the mailbox of every farmer in the United States, I believe, just prior to the 1952 election.

In the face of this clear understanding by the opposition as to what General Eisenhower meant when he spoke to the farmers at Kasson, Minn., on September 6, 1952, it is only the sheerest hypocrisy that prompts opponents of the President's farm program today to charge that he promised high rigid supports during his campaign.

For the first time in a presidential election the issues were clear cut.

The Democrats promised to continue high rigid supports. The Republicans campaigned for flexible supports.

Every one of the great Midwest farm States voted for Candidate Eisenhower.

What about those organizations that are doing all they possibly can to embarrass the Eisenhower administration and who, likewise, are misrepresenting the President's position in the fall of 1952?

Of all these organizations undertaking the harassment of the President, none is more vocal than the National Farmers Union and its affiliates.

Let us see how the Farmers Union interpreted the President's remarks at Kasson in the fall of 1952.

On September 12, only 6 days after the President made his speech, the weekly report of the National Farmers Union distributed under the title of "Farmers Union in Washington" had this to say:

> Eisenhower did not commit himself at all to a Government guaranty of full parity, as many newsmen reported. On the contrary his crack at "earning" their fair share was a direct slur at the very principle of price supports.

The words "Eisenhower did not commit himself" are in capital letters so that they could not be missed, and the words "was a direct slur at the very principle of price supports" are underlined.

The Farmers Union Herald, under date of October 6, 1952, advised its readers as follows:

> It is becoming clear that General Eisenhower has had to go beyond his party's platform to some extent on the question of price supports and on the issue of punitive taxes against farm co-ops.
>
> In the case of price supports he has said he is in agreement with the action of Congress last June in continuing 90 percent farm price supports until the end of 1954. He has not said that he would favor 90 percent or higher supports after that date.

So it can be seen what the clear understanding of the Farmers Union and its associates was at that time.

Mr. President, in the light of these positive statements, made in the fall of 1952, how can the same organization, even though dedicated to the defeat of the Eisenhower farm program, put forth such unmitigated false assertions as it is doing today?

Do they think that if an accusation is made often enough and shouted loud enough, and is exaggerated enough, it will begin to sound like the truth to the thousands of farmers who are supposed to become agitated by it?

In several States of the Northwest, Mr. President, the Farmers Union Grain Terminal Association, a close ally of the National Farmers Union, has distributed propaganda intended to make the farmers believe that the adoption of President Eisenhower's farm program would reduce their income between 40 and 50 percent next year.

Such propaganda, Mr. President, is intended to divert the blame from those who are really responsible for the reduced income of the wheat farmer.

The wheat farmer of the Northwest is in trouble and will probably have to take a reduction in income perhaps for 2 or 3 years more.

The responsibility for this reduction, however, can be placed squarely at the door of those who now seek to blame the President and Secretary Benson for the fruits of their own folly.

They are the ones that insisted upon high rigid supports and the use of an obsolete parity formula.

They are the ones that insisted upon control measures which now prevent many farmers from planting enough to make a living.

The President seeks to take the wheat farmer out of this predicament at the earliest possible moment.

With the adoption of his program by Congress, the grain farmer can look forward to a fairly early ending of stringent controls.

The 30 percent or more reduction in planting which the wheat farmer must sustain this year—and probably next year—is a direct result of the high rigid supports and use of the old parity formula which the National Farmers Union and its collaborators succeeded in retaining on the statutes.

Millions of acres of wheat are now being grown in noncommercial areas of the United States which never would have been grown had it not been for the incentive of high rigid Government guaranties.

Had it not been for this guaranty, the wheat farmer of Kansas, Montana, and other States would undoubtedly be planting a normal acreage this year and receiving a much higher income than he is likely to receive under the program now in effect, a program which the Eisenhower administration had nothing to do with, and which it is trying to discard in favor of a workable plan.

Mr. President, there seems to be no limit to the extent which the organization leaders dedicated to the harassment of President Eisenhower and Secretary Benson will go.

At the annual meeting of the Farmers Union Grain Terminal Association held at the St. Paul auditorium last December, the large number of delegates gathered there heard a recording of the voice of President Eisenhower himself promise them what they might, in all fairness, interpret as full parity price for their grain.

It is no wonder, Mr. President, that many farmers hearing the President promise them 100 percent of parity price in his own voice were likely subject for agitators to prey upon.

I am told that the same recording used at the annual meeting of the Grain Terminal Association in St. Paul was also used over other radio stations controlled by this organization.

In the December 20 issue of the St. Paul Pioneer Press, Mr. Alfred D. Stedman, one of the Northwest's most conscientious agricultural writers, exposed the trick by which President Eisenhower, in his own voice, seemingly contradicted himself.

Mr. Stedman pointed out how a recording of Mr. Eisenhower's Kasson speech had been doctored by deleting words and sentences until an erroneous picture of his position was portrayed in his own voice.

This column shows exactly what words and sentences were omitted from the President's speech at Kasson, Minn., in order to cause him to appear to be making a contradictory statement at the St. Paul meeting.

I ask unanimous consent to have Mr. Stedman's column printed in the RECORD in full at this point.

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

THE VOICE OF IKE

(By Alfred D. Stedman)

This administration, said President Eisenhower in his Wednesday press conference, is one that believes in keeping its promises, and is going to try to do it in every way it can.

But the President would have heard himself challenged on that very point with a recording of his own voice as a witness, if he could have sat in the great farm audience in the St. Paul Auditorium on that day. The quotation from him was the widely publicized "golden promise," as it now is called, referring to full parity of farm income, taken from his famous farm campaign speech at Kasson, Minn., on September 6, 1952.

All the first part of that promise to back a 2-year extension of legal price supports was quoted correctly. But then the voice ran right on as if still talking about legal price supports. Omission of two paragraphs and parts of a third obscured a change by Mr. Eisenhower to the new subject of long-run help for farmers in getting parity from their own earnings instead of from the Government.

Below is the version of Mr. Eisenhower's statement as presented in printed form to the Farmers Union GTA audience in the auditorium and as recorded in a continuous transcription of his voice. Following are the statements as he made them at Kasson, with the omitted parts printed in brackets:

"And here and now, without any 'ifs' or 'buts' I say to you that I stand behind—and the Republican Party stands behind—the price-support laws now on the books. This includes the amendment of the basic farm act, passed by votes of both parties in Congress, to continue through 1954 the price supports on the basic commodities at 90 percent of parity.

"These price supports are only fair to the farmer to underwrite the exceptional risk he is now taking. They are a legal and moral commitment which must be upheld. * * * I firmly believe that agriculture is entitled to a fair, full share of the national income—and a fair share is not merely 90 percent of parity but full parity."

Following is the President's statement with the omissions shown in brackets:

"And here and now, without any 'ifs' or 'buts,' I say to you that I stand behind—and the Republican Party stands behind—the price-support laws now on the books. This includes the amendment of the basic farm act, passed by votes of both parties in Congress, to continue through 1954 the price supports on the basic commodities at 90 percent of parity.

"These price supports are only fair to the farmer to underwrite the exceptional risk he is now taking. They are a legal and moral commitment which must be upheld.

"[We now have at least 2 years in which to plan ahead. We must use this valuable time to figure out sound means and methods of maintaining and expanding both security and opportunities in agriculture. We must mobilize all of the brains in agriculture—farmers, your farm organization leaders, your farm-wise legislators, your agricultural specialists and research workers—to join with us to build and improve our long range farm policies and programs.

"[Our goal will be sound, farmer-run programs that safeguard agriculture—but do not regiment you, do not put the Federal Government in charge of your farms. We must by using good old-fashioned horse sense, figure out sound methods of maintaining agriculture's freedom to shift patterns of production without losing the basic protections to which agriculture is entitled.]

"I firmly believe that agriculture is entitled to a fair, full share of the national income [and it must be a policy of Government to help agriculture achieve this goal in ways that minimize Government control and protect farmers' independence. All I know of farmers convinces me that they would rather earn their fair share than have it as a Government handout.]

"And a fair share is not merely 90 percent of parity—but full parity."

How about having parity for Presidents? The fine old principle of equality could be extended to them. Parity could mean a fair share in the American right to be judged according to actual deeds and words.

Goodness knows that, with decisions and speeches coming thick and fast, Presidents have abundant chance to do and say things which will be widely debated among Americans who are, and ever will be, free to criticise. But should not parity for Presidents mean basing criticisms on what they really say, without alteration by omission or otherwise? Not merely 90 percent either, but full parity for Presidents.

Mr. AIKEN. The Northwest farmer owes Mr. Stedman a debt of gratitude for his exposure of such a masterpiece of trickery which might otherwise have succeeded to a greater degree.

The general manager of the Grain Terminal Association advised me this spring that the recording had been borrowed from the Columbia Broadcasting System and had been broadcast over station WCCO, of Minneapolis, by Commentator Cedric Adams, a popular newscaster, and a strong Eisenhower supporter.

As it seemed incredible to me that a reputable radio station like WCCO would deliberately doctor a recording of the President's, I looked into the matter further.

Under date of June 8, 1954, I received a letter from WCCO which, in my opinion, clears that station of any complicity in the matter and fixes full responsibility both to the farmers of the Northwest and to the law squarely on the Grain Terminal Association.

I will read an excerpt from this letter:

This station received a request from the advertising agency in St. Paul, which handles the Grain Terminal Association account, for a dubbing from the recording in our files of the speech given by presidential candidate, Dwight Eisenhower, at Kasson, Minn., in 1952. Mr. Luther Weaver, head of the agency, telephoned Mr. Robert McKinsey, our program director, read the cues for the opening and closing of this particular quotation to Mr. McKinsey, and it was an excerpt (about 1 minute in length) which we dubbed and sent to them.

Mr. Weaver gave no indication as to what use would be made of this record. and it was sometime later that we learned that it was being broadcast on other stations in connection with the GTA program.

WCCO broadcast the Eisenhower speech in its entirety at the time it was delivered at Kasson, then broadcast portions of it along with portions of a speech delivered the same day at Kasson by Governor Adlai Stevenson. This composite program was carried later that night, but the portions in which the candidates referred to their support price proposals were not edited in any way.

In other words, it was shown clearly that the transcription used by the Grain Terminal Association was doctored, and was not the one which Cedric Adams had used in his broadcast over station WCCO, as I have been advised.

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

Mr. AIKEN. I yield.

Mr. WILLIAMS. Is not the Grain Terminal Association a subdivision of the Farmers Union?

Mr. AIKEN. I do not know exactly what the connection is, except to say that they work extremely closely together. The Grain Terminal Association, I believe, is an association of the cooperative elevators, under one management. Theoretically, I suppose, the Grain Terminal Association is a farmers' business organization, whereas the National Farmers Union appears to be something of another nature.

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

Mr. AIKEN. I yield.

Mr. WILLIAMS. Has not the Farmers Union been represented by former Secretary of Agriculture Brannan, acting as a lobbyist?

Mr. AIKEN. I do not know what his capacity is. I understand that he and several of his stalwart supporters and associates in the Department of Agriculture are today employed by the National Farmers Union.

Mr. President, I do not like to do what I have to do today, but we cannot let the type of propaganda which has flooded the North Central States go unchallenged.

More than the price of wheat is involved.

During recent months I have received several hundred communications from farmers in these States asking for supports at 100 percent of parity for their crops.

The farmers are good people. They work hard for a living. They are devoted to their country. They are alarmed and disturbed today. They are being told that President Eisenhower has deceived them; that Secretary Benson is against them and intends to take away their income.

They have not been told the truth.

Our job, Mr. President, is to get the truth to them.

As Democrats and Republicans, we must work to do this, for it is not now a party matter.

We must and will work out a farm program which will enable the farmers to recover from the damage already done.

We must not let the farmers of America become pawns of Government.

Agriculture must be made free and independent and prosperous at the same time.

To achieve this is our purpose.

EXTENSION OF TRADE AGREEMENTS ACT

The PRESIDING OFFICER laid before the Senate a message from the House of

Representatives announcing its action on certain amendments of the Senate to House bill 9474, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S., *June 28, 1954.*

Resolved, That the House concur in the amendment of the Senate numbered 1, to the bill (H. R. 9474) entitled "An act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended," with an amendment, as follows: In lieu of the matter proposed by said amendment insert:

"SEC. 2. No action shall be taken pursuant to such section 350 to decrease the duty on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements."

That the House concur in the amendment of the Senate No. 2, to said bill.

Mr. MILLIKIN. Mr. President, the amendment which was just read was the outcome of an amendment offered by the Senator from Missouri [Mr. SYMINGTON] and which was sent by the Senate to the House. The House of Representatives has considered the bill, has slightly modified the terms in which it came to it, and has agreed to the bill in the modified form.

The matter has been discussed with the minority leader and with the Senator from Georgia [Mr. GEORGE]. The Senator from Missouri [Mr. SYMINGTON] the author of the original amendment, has stated that the form in which it now is worded is perfectly agreeable to him. Therefore, I move that the Senate concur in the amendment of the House to the amendment of the Senate.

Mr. DANIEL. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield to the Senator from Texas.

Mr. DANIEL. Is it correct that the present wording simply represents a rewriting of the Symington amendment which was adopted by the Senate?

Mr. MILLIKIN. I think it does.

Mr. DANIEL. The Senator is correct in stating that the Senator from Missouri and the minority leader have approved of the version substituted by the House.

Mr. MILLIKIN. The Senator from Missouri told me just a few moments ago that he approved it. I understand it has been submitted to the Senator from Georgia and that he is agreeable to it. So I do not believe there is any objection.

Mr. FULBRIGHT. Mr. President, will the Senator explain in what respect the bill was modified, and the effect of the modification?

Mr. MILLIKIN. I think the Symington amendment was a little more rigid than was desired by the executive department, and a modification in the language was proposed. It was accepted by the House Ways and Means Committee and by the House, and was submitted to the Senator from Missouri [Mr. SYMINGTON], the author of the original amendment. It is now agreeable to him.

Mr. FULBRIGHT. Is it the Senator's view that the provision will permit greater freedom of trade, or will it give power to restrict freedom of trade?

Mr. MILLIKIN. I do not know how it will operate, but it will not restrict trade any more than it was restricted in the amendment which the Senate adopted.

Mr. FULBRIGHT. It is an amendment which gives power to restrict imports into this country, is it not?

Mr. MILLIKIN. It does that, but the Senator is asking me whether the effect will be to restrict or not restrict trade. I think that would depend on how the provision is applied. I would say the amendment now before the Senate is somewhat more liberal in its provisions than it originally was.

Mr. FULBRIGHT. Knowing the view of the Senator from Colorado about international trade, and observing the alacrity with which he accepted the amendment, I assumed that the amendment gave authority to restrict imports into the country.

Mr. MILLIKIN. The Senator is drawing some unwarranted implications, which I do not care to pursue at the moment.

Mr. FULBRIGHT. I would have been happy to have the Senator from Colorado assure the Senate that was not the effect of the amendment. I was hoping he would do so for the record. If the Senator does not choose to do so——

Mr. MILLIKIN. I am resting my judgment on the statement that the amendment carries the substance of the Symington amendment, that it was approved by the House Ways and Means Committee and the House of Representatives, that it has been approved by the leadership on the other side of the aisle, and I myself approve it. There was no alacrity about my action in approving it. I had known about it for more than 5 or 10 minutes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Colorado to concur in the amendment of the House to the amendment of the Senate.

Mr. FULBRIGHT. Mr. President, for the record, while I realize that I cannot stop the Senate's agreeing to the motion, I state that I do not favor it, as I did not favor the bill which was passed. While I cannot assure the Senator from Colorado of the effect of the amendment, I think it is a very vague amendment which will permit the placing of obstructions on imports into this country if it is desired to use its provisions in that fashion. Although no one seems to be able to tell us what the effect of the language will now be, in its original form, as I recall, the amendment certainly contained no standards which would enhance the flow of trade, nor was it designed to create a greater flow of trade into this country. So I oppose the amendment of the House to the Senate amendment.

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

Mr. MILLIKIN. I yield to the Senator from Missouri.

Mr. SYMINGTON. The distinguished Senator from Colorado is entirely correct. I know it will warm the heart of the Senator from Arkansas to know that the new language promotes the possibility of foreign trade, because it eliminates the question of volume. Having sponsored the amendment, I should like to say to the Senator from Arkansas that when it comes to national defense, we cannot eat our cake and have it, too. Either we should give the President enough authority so that price is not the final and only authority as to imports, or we should not give him that authority. This amendment gives him that authority.

Mr. FULBRIGHT. If the Senator will yield, all I am saying is that the provision does not set any definite standards under the broad concept of anything which affects national security. Therefore, the President would have the power to exclude imports. It could mean that in the hands of one who was inclined to be highly protectionist practically all imports into this country could be stopped. If that is what is intended to be done, that is one thing. I do not favor any further obstructions to imports into this country, because I think that is one of the principal obstacles to our friendly relations with the free people of the world today, and the reason why they are losing confidence in our leadership is that we do not want to agree to trade with them.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. JOHNSON of Colorado. This is permissive legislation. The President is given wide discretionary power. If the President does not exercise the discretion wisely in such a small matter as that covered by the amendment, when he has such power in time of war, then we are in bad shape.

Mr. FULBRIGHT. Are the provisions of the bill effective only in time of war? They are effective now, are they not?

Mr. JOHNSON of Colorado. They are effective when applied to national defense.

Mr. FULBRIGHT. At any time?

Mr. JOHNSON of Colorado. At any time the President wishes to exercise the power.

Mr. FULBRIGHT. I should like to ask the Senator if recently the Tariff Commission has not recommended higher tariffs on several items.

Mr. JOHNSON of Colorado. Yes. the Tariff Commission makes recommendations to the President, and the President decides whether or not they shall be made effective. The President would decide whether the provisions embodied in the amendment should be made effective. It would be entirely discretionary with the President. If the President is not to be trusted, this kind of legislation is bad. If the President is to be trusted, no harm can come from such a provision, and I think the President has to be trusted from a national-defense standpoint.

Mr. FULBRIGHT. I am not willing to say that I shall trust with unlimited power all Presidents elected in the future. I think Congress ought to retain power in this field. I do not say I do not trust the present President. As a matter of fact, President Eisenhower is considerably more liberal in the field of international trade, I may say, than is the Senate.

But I was not thinking of it at this particular moment. However, I think it is a very broad grant of power.

The PRESIDING OFFICER (Mr. POTTER in the chair). The question is on agreeing to the motion of the Senator from Colorado that the Senate concur in the amendment of the House of Representatives to the amendment of the Senate No. 1.

The motion was agreed to.

INSPECTION AND APPRAISAL PROCEDURE IN CONNECTION WITH VETERANS' HOUSING PROGRAM

Mr. WILLIAMS. Mr. President, on May 27, 1954, as appears at pages 7267 to 7271 of the CONGRESSIONAL RECORD of that date, I made a statement in regard to the excessive fees that had been paid under the Veterans' Administration to certain fee appraisers and fee compliance inspectors. In the course of that statement, I pointed out specific cases in which the ceiling of $1,000 a month had been exceeded on numerous occasions during the past 3 or 4 years.

Immediately after making that statement, there appeared in the Detroit Free Press of May 30, 1954, an article entitled "Appraisers for VA Defended—Attack by Senator Called Inaccurate." The article reads as follows:

[From the Detroit Free Press, May 30, 1954]

APPRAISERS FOR VA DEFENDED—ATTACK BY SENATOR CALLED INACCURATE

Washington officials said Saturday that there are inaccuracies in the attack made by Senator WILLIAMS, Republican, of Delaware, on 18 Michigan home appraisers assigned by the Veterans' Administration.

WILLIAMS had said the appraisers received excessive fees in glaring disregard of the law for evaluating homes sold under the GI bill.

The Washington spokesman said WILLIAMS apparently did not realize that the $1,000-a-month limit appraisers may receive for $5-a-house inspections did not become effective until September 17, 1951.

Two appraisers accused by WILLIAMS were Henry C. Rohde, of 2270 Allard, Grosse Point and Edwin T. Salkowski, of 11815 Rosemary. Rohde was charged with receiving $19,535 in 6 months in 1950, and Salkowski $19,210 for 7 months in the same year.

Although WILLIAMS also said it would be impossible for anyone to handle enough appraisals to earn the amounts charged to Rohde and Salkowski, it was not clear immediately if an appraiser could employ a staff and divide the work.

The Washington sources also said WILLIAMS prepared his attack on the basis of a table supplied by the VA. The table showed only the number of assignments made by the VA to each appraiser.

"The VA has no way of knowing how much the appraiser was paid," the spokesman said, "since only the builder, the buyer, and the appraiser are involved. However, the limit for each job is $5."

Charges against 6 of the 18 appraisers named by WILLIAMS were based on the appraisals done in 1950, before the limitation was imposed.

The only penalty for exceeding the limitation is censure.

After reading the article I was very much concerned. I recognized that if there were inaccuracies in the statement I had the responsibility of correcting the RECORD in respect to any of the individuals involved.

I immediately called Mr. Higley, Administrator of the Veterans' Administration, and advised him of the newspaper article. I received from Mr. Higley an emphatic denial that either he or anyone else in the Veterans' Administration had issued any such statement as the one referred to in the article in the Detroit Free Press. However, later I was advised that Mr. Higley had been inaccurately informed on that point, and that a Mr. Thomas B. King, of the Veterans' Administration, in Washington, D. C., had issued the statement on which the article was based.

I then discussed the matter with Mr. King; and I asked him to review my statement in the CONGRESSIONAL RECORD and to point out any inaccuracies in it—with the promise that I would incorporate in the RECORD, immediately on receipt of a letter from him, his statement pointing out how I had erred.

Mr. President, it has been exactly 1 month since that time during which I have been waiting. I have had numerous conversations with officials of this agency, and each time they said they had not found any inaccuracies and that they were preparing a letter to that effect.

Today, I received the letter dated June 23, 1954. The letter says nothing. It neither points out any inaccuracies in my statement, nor does it say that my statement was correct. In fact, the letter comes closer to saying absolutely nothing than any letter I have ever received. The whole letter will be incorporated, but first, I shall read one paragraph:

Naturally, at this date Mr. King cannot recall every particular of the resultant conversation. However, Mr. King positively remembers that he advised the reporter that based on his (King's) experience, Senator JOHN WILLIAMS was a very fair-minded individual, and that in his (King's) opinion that if there were any inaccuracies in Senator WILLIAMS' statements, it must be due to misunderstanding somewhere along the line.

Mr. President, let me say that I was not asking for his opinion of me. Frankly, to judge from the letter, Mr. King's opinion of me is slightly higher than my opinion of Mr. King. I had asked Mr. King to point out any inaccuracies in my statement, and after a 1-month review, it seems strange to find that he has finally reached the conclusion that if there were any inaccuracies in my statement, they must be due to misunderstanding somewhere along the line.

To keep the record straight I shall review this case from the beginning and ask unanimous consent to have all the correspondence printed in the RECORD. I desire to show that the statements I made on May 27, 1954, were based on information I obtained right here in Washington, largely from the division headed by Mr. King.

The first correspondence was with Col. Thomas H. Stilwell, manager of the Wilmington regional office of the Veterans' Administration, at Wilmington, Del.

First, Mr. President, I ask unanimous consent to have incorporated in the RECORD the letter dated June 28, 1954, signed by Mr. Ralph H. Stone, Deputy Administrator.

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

VETERANS' ADMINISTRATION,
Washington, D. C., June 28, 1954.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: Following our discussion of June 22, 1954, in your office, I made it a point to check into information given to the press by TV representatives in response to inquiries received as a result of your floor discussion concerning the earnings of VA fee personnel.

First of all, my check disclosed that the VA issued no official statement, nor otherwise made any voluntary or gratuitous release of information on this subject. VA comment was limited strictly to answering specific inquiries from reporters.

Most of the press inquiries were limited to requesting figures for other States similar to the State statistics given in your statement on the floor. These reporters were truthfully informed that the only State figures available at that time were those which you had specifically asked us to compile.

To the best of my knowledge, the only news story that carried any VA comment concerning your statement was one that appeared in the Detroit Free Press, a clipping of which is in your possession.

It is believed that this particular story resulted from a telephonic contact made with Mr. T. B. King, Assistant Deputy Administrator for Loan Guaranty, by the Washington correspondent for the Free Press. The correspondent first contacted Mr. Frank Hood, Associate Director of VA's Information Service, at Mr. Hood's home on a weekend. He was referred to Mr. King by Mr. Hood after he had asked to talk to someone familiar with correspondence between the VA and your office.

Naturally, at this date Mr. King cannot recall every particular of the resultant conversation. However, Mr. King positively remembers that he advised the reporter that based on his (King's) experience, Senator JOHN WILLIAMS was a very fair-minded individual, and that in his (King's) opinion that if there were any inaccuracies in Senator WILLIAMS' statements, it must be due to misunderstanding somewhere along the line.

Mr. King advises me further that, in reply to the reporter's questions he stated that the VA had violated no law with which he, King, was acquainted in making assignments to fee personnel, and that the only source from which actual earnings of any individual on the list might be ascertained would be from the individual himself, because VA records showed only assignments.

I am satisfied from my inquiry into this matter that every effort was made on the part of this agency to avoid creating the impression that any controversy existed on this subject, and I am convinced that the officials concerned leaned over backwards while making factual replies to questions from the press.

Please permit me to assure you that everyone in the Veterans' Administration who has had the privilege of working with you holds you in the highest esteem. To us, your personal honesty and integrity precludes any possible belief that you would knowingly misrepresent any fact or make any statement that might be construed as misleading. All

of us regret any inadequacies that there may have been in our various responses to your inquiries which may have been misleading to you.

The Veterans' Administration constantly strives for improvements in all its programs, including Loan Guaranty, and your interest in this same objective is both most welcome and highly beneficial to the Veterans' Administration.

Sincerely,

RALPH H. STONE,
Deputy Administrator.

Mr. WILLIAMS. All my inquiries have been as to the amounts of money earned; and the correspondence I am now incorporating in the RECORD will so show. In fact, in my first letter—of November 16, 1953—to Colonel Stilwell, at Wilmington, Del., I asked for—

The names of all inspectors or appraisers employed by your agency during the past 5 years.

The amounts paid to each, broken down by months and days during the past 2 years.

I now ask unanimous consent to have my letter of November 16, 1953, printed in the RECORD.

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

NOVEMBER 16, 1953.

Col. THOMAS H. STILWELL,
Manager, Wilmington Regional Office, Veterans' Administration, Wilmington, Del.

DEAR COLONEL STILWELL: With further reference to our conversation of last Monday, will you please furnish me with the following information:

1. The names of all inspectors or appraisers employed by your agency during the past 5 years.

2. The amounts paid to each, broken down by months and days during the past 2 years.

3. In instances where inspectors and appraisers have been separated from the service give the date of separation, and the reasons.

Yours sincerely,

JOHN J. WILLIAMS.

Mr. President, to my letter of November 16, 1953, I received the following reply from Colonel Stilwell:

VETERANS' ADMINISTRATION,
Wilmington, Del., November 24, 1953.

Hon. JOHN J. WILLIAMS,
United States Senate, Washington, D. C.

DEAR SENATOR WILLIAMS: In compliance with the request contained in your letter of November 16, 1953, below and attached find the necessary information.

The names of fee compliance inspectors and/or fee appraisers employed by the Loan Guaranty Division of this regional office during the past 5 years are:

* * * * *

The earnings of these individuals both as fee compliance inspectors and fee appraisers are listed on charts attached hereto.

* * * * *

Very truly yours,

THOS. H. STILWELL,
Manager.

Mr. President, all the statements in the letter refer to earnings not to assignments.

I then directed a letter to Mr. Higley, in Washington, and I now ask unanimous consent to have that letter, which is dated December 2, 1953, printed at this point in the RECORD.

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

DECEMBER 2, 1953.

Mr. HARVEY V. HIGLEY,
Administrator, Veterans Administration, Washington, D. C.

DEAR MR. HIGLEY: Will you please advise me the following:

1. Are there any restrictions as to the amount of money or fees which can be earned by fee compliance inspectors or fee appraisers employed by the Loan Guaranty Division of a regional office of the Veterans Administration?

(a) If there is a ceiling on the amount of earnings and it is different in the various States, then please furnish complete information for each of the 48 States.

(b) If there are ceilings, what is the penalty for their violation?

2. Are there any restrictions prohibiting the same individual from serving as an appraiser and as an inspector during the same period?

(a) If so, do his combined earnings apply toward the maximum established ceilings or can he earn the maximum under each of the two jobs?

Yours sincerely,

JOHN J. WILLIAMS.

Mr. WILLIAMS. Again I am asking the question:

Are there any restrictions as to the amount of money or fees which can be earned by fee compliance inspectors, or fee appraisers employed by the Loan Guaranty Division of a regional office of the Veterans' Administration?

On December 14, 1953, I received a reply from Mr. Higley, dated December 11, 1953. I shall read this letter into the RECORD. It was previously incorporated in the RECORD on May 27, 1954.

VETERANS' ADMINISTRATION,
Washington, D. C., December 11, 1953.

Hon. JOHN J. WILLIAMS,
United States Senate, Washington, D. C.

DEAR SENATOR WILLIAMS: I am pleased to enclose a copy of the Veterans' Administration Technical Bulletin 4A-111 entitled "Control of Fees and Assignments to Designated Appraisers and Compliance Inspectors." This will supply you with much of the information sought in your letter of December 2, 1953.

You will note from this enclosure that there are restrictions as to the amount fee appraisers and inspectors can receive from the Veterans' Administration assignments. The ceiling on the aggregate fees permitted is $1,000 per month and is applicable to all offices of the Veterans' Administration.

No specific penalties are imposed, however any salaried personnel responsible for assignments in excess of the maxima prescribed in our Technical Bulletin 4A-111 relative to the control of fees would be subject to disciplinary action.

Nothing prohibits a qualified individual from serving as both appraiser and inspector. His combined fees would apply toward the maximum established ceiling. Combined fees for both activities may not exceed $1,000 per month.

Sincerely yours,

H. V. HIGLEY,
Administrator.

On March 17, 1954, after receipt of that letter, I directed another inquiry to Mr. Higley in which I asked for a breakdown by months. The letter is as follows:

MARCH 17, 1954.

Mr. HARVEY V. HIGLEY,
Administrator, Veterans' Administration, Washington D. C.

DEAR MR. HIGLEY: Will you please furnish me with the names and the earnings, broken down by months, of fee inspectors and/or fee appraisers employed by the Loan Guaranty Division of the regional offices of the Veterans' Administration during the past 5 years in each of the following States (or Territories): (1) Alaska, (2) Michigan, (3) Missouri, (4) South Carolina, (5) Tennessee, (6) Washington (State).

In instances where the same individual served as both appraiser and inspector I want his earnings broken down in each division.

It would be appreciated if I could obtain this information at an early date.

Yours sincerely,

JOHN J. WILLIAMS.

On April 27, 1954, I received a reply from Mr. Higley, dated April 26, 1954, which I now ask unanimous consent to have printed in the RECORD at this point.

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

VETERANS' ADMINISTRATION,
Washington, D. C., April 26, 1954.

Hon. JOHN J. WILLIAMS,
United States Senate, Washington, D. C.

DEAR SENATOR WILLIAMS: This has further reference to your letter dated March 17, 1954, wherein you requested information concerning the remuneration of fee appraisers and compliance inspectors engaged by VA in six particular areas.

In line with arrangements made by telephone with our loan guaranty officials, the reports of our field offices, concerning which Mr. Stone wrote to you on March 24, 1954, will be forwarded as soon as they are received. Incidentally, we have sent out followup wires to the offices which had not responded by April 14, 1954.

For the interim, we are forwarding herewith a schedule received from our regional office in South Carolina. This schedule shows average monthly earnings as computed from assignments made to appraisers and compliance inspectors.

In connection with your request, we wish to explain that the governing directive under which our field offices operate in this respect provides that fee assignments made to any one person or firm shall not exceed the number which will produce maximum aggregate fees of $1,000 in any one month, subject to such exceptions in specific areas as the Washington office may expressly approve in advance. Exceptions to the rule have been granted only in relatively few instances for short periods when there has been a proper basis to do so.

You will note that our control is based on numbers of assignments, which is a technique adequate for our purposes although it does not conclusively indicate earnings. By relating the number of assignments in the instance of a particular appraiser or inspector with the approved schedule of fees for the area involved, a field station can compute an estimate of earnings. However, there are several factors which operate to widen the distance between such estimates and actual earnings, e. g., the lapse of time between assignments and payments for the services and the fact that there are cases where assignments do not result in the payment of fees owing to cancellations, withdrawals, and failures of projects to go forward to completion. The timing factor probably represents the major deterrent to closer

estimates of earnings, since payments are made only after the appraisals or inspections, which may be completed in the month following the month in which the assignment was made.

A further matter to consider is the fact that the Veterans' Administration, in the interests of simplification and economy, does not make payments directly to fee appraisers or compliance inspectors in connection with the guaranty or insurance of loans. While VA makes the assignments, the appraisers and inspectors render their bills to and obtain payment from, or through, the persons or firms making the requests for the appraisals and inspections.

I am confident the reports from the five remaining offices will be available for relay to you within a very few days. Please let me know if I can be of further assistance to you.

Sincerely yours,

H. V. HIGLEY,
Administrator.

Mr. WILLIAMS. On May 4, 1954, I received a further report from Mr. Higley in answer to my previous letter of March 17, 1954. The letter reads as follows:

VETERANS' ADMINISTRATION,
Washington, D. C., May 4, 1954.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: This is in reference to your letter of March 17, 1954, and our reply of April 26, 1954. This correspondence concerns the remuneration of fee appraisers and compliance inspectors engaged by the Veterans' Administration in six particular areas.

We are enclosing herewith the desired information prepared by our Seattle regional office covering the State of Washington and the Territory of Alaska as well as that submitted by the St. Louis, Mo., regional office. Data from the State of South Carolina is presently in your possession. We will submit the required material for the States of Michigan and Tennessee immediately upon its receipt which we trust will be at a very early date.

Sincerely yours,

H. V. HIGLEY, *Administrator.*

On May 14, 1954, I received additional information from Mr. Higley, in reply to my inquiry of March 17, 1954:

VETERANS' ADMINISTRATION,
Washington, D. C., May 14, 1954.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: This is in reference to your letter of March 18, 1954, and our replies of April 26 and May 4, 1954. This correspondence concerns the remuneration of fee appraisers and compliance inspectors engaged by the Veterans' Administration in six particular areas.

We are enclosing herewith the desired information prepared by our Detroit regional office covering the State of Michigan. Data from the State of South Carolina, the State of Washington, and the Territory of Alaska and the St. Louis, Mo., regional office have been previously forwarded to your office. The required material from the State of Tennessee will be forwarded immediately upon its receipt.

Sincerely yours,

H. V. HIGLEY, *Administrator.*

The Veterans' Administration in submitting this information is referring to the earnings of these individuals, exactly as I had requested the information. Those are the figures I used and if they are wrong then the Veterans' Administration gave me the wrong information.

I shall not incorporate in the RECORD all the enclosures, but I repeat that the information which I incorporated in the RECORD on May 27, 1954, regarding the inspectors in the State of Michigan and others was based upon enclosures accompanying the aforementioned letters.

On May 19, 1954, I directed another letter to Mr. Higley, which I ask unanimous consent to have printed in the RECORD at this point.

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

MAY 19, 1954.

Mr. H. V. HIGLEY,
Administrator, Veterans' Administration, Washington, D. C.

DEAR MR. HIGLEY: On December 2, 1953, I directed an inquiry to you as to whether or not there were any restrictions as to the amount of money or fees which could be earned by fee compliance inspectors or fee appraisers employed by the Loan Guaranty Division of the regional offices of the Veterans' Administration.

In your reply of December 11, 1953, you called my attention to the Veterans' Administration Technical Bulletin 4A-111, entitled "Control of Fees and Assignments to Designated Appraisers and Compliance Inspectors." Continuing, you summarized those restrictions as follows: "The ceiling on the aggregate fees permitted is $1,000 per month and is applicable to all offices of the Veterans' Administration. * * * Nothing prohibits a qualified individual from serving as both appraiser and inspector. His combined fees would apply toward the maximum established ceiling. Combined fees for both activities may not exceed $1,000 per month."

Again, in a letter signed by you under date of April 26, 1954, you further explained, "In connection with your request, we wish to explain that the governing directive under which our field offices operate in this respect provides that fee assignments made to any one person or firm shall not exceed the number which will produce maximum aggregate fees of $1,000 in any 1 month, subject to such exceptions in specific areas as the Washington office may expressly approve in advance. Exceptions to the rule have been granted only in relatively few instances for short periods when there has been a proper basis to do so."

In examining the record I find that during the last 7 months, beginning with June through December 1950, four inspectors in the Michigan district substantially exceeded this maximum. Their earnings for the 7 months' period were as follows:

C. F. Aylesworth	$9,815
M. J. LeBouf	14,145
H. C. Rohde	19,635
E. T. Salkowski	19,210

In reference to the earnings of these four individuals, and the paragraph as quoted from your letter of April 26, would you please furnish the following information:

1. A copy of the request of the regional office in Michigan outlining to the Washington office the special reasons why an exception should be made in the case of these four individuals waiving the maximum fee provision.

2. A copy of the decision by the Veterans' Administration in Washington approving this special exception, along with the names of the officials making such recommendation.

Yours sincerely,

JOHN J. WILLIAMS.

Mr. WILLIAMS. I also ask to have printed in the RECORD as a part of my remarks Mr. Higley's reply, under date of June 4, 1954.

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

JUNE 4, 1954.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: This will acknowledge your letter of May 19, 1954, concerning the remuneration of certain fee appraisers and compliance inspectors engaged by the Detroit regional office of this Administration.

With reference to the second and third paragraphs of your letter relative to provisions in Veterans' Administration directives that fee assignments made to any one person or firm shall not exceed a number which will produce maximum aggregate fees of $1,000 in any 1 month, unless exceptions are expressly approved in advance by this office, we wish to advise that such limitations were made effective as of September 17, 1951.

Prior to September 17, 1951, assignments were to have been made on a territorial basis in such a manner as to avoid any charge of unfair discrimination albeit arbitrary rotation of the roster was not deemed necessary. It was the continuing responsibility of regional offices to keep the rosters sufficiently large to accommodate all requests for appraisals and inspections with dispatch and to distribute the work in the manner most likely to attract and retain the best qualified appraisers and inspectors.

The earnings noted in your letter were prior to the promulgation of the limitations contained in technical bulletin TB 4A-111, subparagraph 5d. We regret that the governing date of September 17, 1951, was not mentioned in the previous correspondence. A copy of TB 4A-111 is enclosed for your use.

We trust this letter will clarify the matter for you.

Sincerely yours,

H. V. HIGLEY, *Administrator.*

Mr. WILLIAMS. A review of this correspondence clearly shows that the Veterans' Administration was furnishing information to show the actual monthly earnings of these fee appraisers and inspectors. Their report likewise shows that several were exceeding the earnings' ceiling of $1,000 a month. Every figure used in my previous remarks has been checked against the reports furnished by the Veterans' Administration and I have found no errors.

Furthermore after 1 month's review Mr. King cannot point out any inaccuracies to support his statement of May 30, 1954.

It is rather strange to find, after these figures had been submitted by the Veterans' Administration, that I am charged with inaccuracies by the same official who was in charge of this particular division and whose department prepared the original information upon which my statement was based. Apparently he was ashamed of his own name, hiding behind the cloak of an unnamed Washington official, and questioning the accuracy of a statement which I made. After being asked to outline the inaccuracies, he required 30 days to review the record and still could not find a single instance in which I was wrong. I had demanded a simple statement pointing out wherein I was wrong or else confirming their accuracy and thereby withdraw his own charge.

I was not exchanging expressions of mutual respect with the head of the Loan Guaranty Division. I thought then—and I say it again—that Mr. King has been negligent in fulfilling his responsibility for carrying out the intent of the law. I think the veterans of the country have suffered by reason of his neglect.

I respect the right of any individual to question the accuracy of my statements provided they will document their exceptions and have always agreed to incorporate any such letters in the RECORD. I made that offer to Mr. King and after 30 days he sends up a reply saying exactly nothing.

At the same time I want it clearly understood that I will not sit quietly by while a holdover appointee of the former administration, hiding under the cloak of an unnamed Washington official, questions the accuracy of a statement I make without putting up the proof.

One excuse has been that prior to September 1951 there was no regulation at all controlling these fees. To a certain extent perhaps he is correct.

Let me read from a letter signed by Louis F. Schomer, president of the Society of Residential Appraisers, in Detroit in which he raises the same point:

> Would like to point out that the Veterans' Administration Technical Bulletin TB4A-111 was not issued until September 17, 1951, and deals with assignments only and not with completed work. This bulletin was interpreted verbally to the appraisers and inspectors by the Veterans' Administration and was not released to them in print. Instructions were given verbally to the effect that fees were not to exceed the calendar yearly quota, and were not confined to a monthly basis. The assignments are controlled by the Veterans' Administration and the appraiser or inspector is obligated to complete the assignment promptly.
>
> Early in 1954 this bulletin was reinterpreted by the Veterans' Administration on a monthly assignment basis instead of a yearly basis.
>
> A check in the Detroit area reveals that no appraiser or inspector exceeded the annual earnings prescribed in the bulletin with the exception of 1 man who inadvertently went over the quota by $100.

If, as this letter states, this bulletin was not in effect before September 17, 1951, it means that prior to that time the same Mr. King, who heads the Loan Guaranty Division, apparently was exercising no control over the amount of earnings, and was not in the least concerned over the fact that some of the earnings approached or exceeded $4,500 a month. As I pointed out on a previous occasion, in order to earn that much money an inspector would have to examine or inspect a house about every 15 or 20 minutes, 8 hours a day, Saturdays, Sundays, and holidays. Those figures were based upon information furnished by Mr. King's office. Those are the same figures which Mr. King later called inaccurate.

In order that there may be no misunderstanding, my entire statement of May 27, 1954, was based upon statistics furnished by Mr. King's department and submitted to me by Mr. Higley. There is no argument about the fact that the ceiling was in effect after September 17, 1951.

I point out that in my statement of May 27, 1954, only 38 of those cases were in 1950. One was in 1951, between October and December. Twenty-five were in 1952. Thirty-three of those violations were in 1953, and 22 were in 1954. Some of those in 1954 were in January, February, and March. At the time of my remarks on the floor of the Senate on May 27 I stated that violations were continuing. Even in the past 2 or 3 days I have learned that such violations are continuing at the present time. In fact, I was informed that one particular individual who earned $1,680 in the month of March likewise exceeded the ceiling in the month of April with $1,470. Apparently, Mr. King is still allowing members of his organization to earn any amount of money that they can get away with, and so far as he is concerned he does not seem to care how the law is administered.

I renew my offer to any official of this agency to incorporate in this record their letter taking exception to any figures or any statement I have made in either of these reports.

In the meantime this record stands.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, for the information of the Senate I desire to make a brief statement. We have made diligent inquiry on both sides of the aisle as to whether there are any further remarks to be made on the tax bill, or on other subjects.

We understand that no Senators are prepared to speak at this time. Therefore, after I have made an announcement on the legislative program for the remainder of the week, I shall ask that the Senate stand in recess until 3:30 this afternoon. I call the attention of the Senate to the fact that in accordance with the unanimous-consent agreement the Senate will proceed to vote at 4 o'clock on H. R. 303, to transfer the maintenance and operation of hospital and health facilities for Indians to the Public Health Service, and for other purposes.

For the information of the Senate, there are a number of bills which I intend to ask the Senate to consider. As to some of the bills I have given prior notice to the Senate, and I again say that the bills I am about to list will not necessarily be taken up in the order in which I list them. I wish to give advance notice of the fact that I intend to ask for their consideration. The bills are:

Calendar No. 644, H. R. 6287, to extend and amend the Renegotiation Act of 1951.

Calendar No. 1620, S. 3344, to amend the mineral-leasing laws and the mining laws for multiple mineral development of the same tracts of the public lands, and for other purposes.

Calendar No. 1621, S. 2380, to amend section 17 of the Mineral Leasing Act of February 25, 1920, as amended.

Calendar No. 1622, S. 2381, to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of oil and gas on the public domain.

Calendar No. 1626, S. 3268, to repeal the provisions of section 16 of the Federal Reserve Act which prohibit a Federal Reserve Bank from paying out notes of another Federal Reserve bank.

Calendar No. 1634, H. R. 5173, to provide 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.

Calendar No. 1636, S. 3589, to provide for the independent management of the Export-Import Bank of Washington under a Board of Directors, to provide for the representation of the bank on the National Advisory Council on International Monetary and Financial Problems, and to increase the bank's lending authority.

Calendar No. 1639, S. 2759, to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational-rehabilitation services, and for other purposes.

Calendar No. 1655, S. 3466, to provide for two additional Assistant Secretaries of the Army, Navy, and Air Force.

Calendar No. 1656, S. 3546, to provide an immediate program for the modernization and improvement of such merchant-type vessels in the reserve fleet as are necessary for national defense.

Calendar No. 1657, S. 1763, to amend section 4482 of the Revised Statutes, as amended (46 U. S. C. 475), relating to life preservers for river steamers.

Calendar No. 1658, H. R. 8538, to provide for the revocation or denial of merchant-marine documents to persons involved in certain narcotic violations.

Calendar No. 1659, Senate Joint Resolution 161, to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes.

Calendar No. 1660, Senate Joint Resolution 67, to repeal certain World War II laws relating to return of fishing vessels, and for other purposes.

I may say to Members of the Senate that when we have completed action on the tax bill, which I hope will be either tomorrow evening or possibly sometime on Thursday, depending on the amount of debate and the number of amendments that are offered, I expect to ask the Senate to proceed to the consideration of some of the bills I have mentioned during the remainder of the session on Thursday and on Friday. I do not expect that the Senate will hold a late session on Friday.

When we complete our labors on Friday, I shall ask that the Senate recess until Tuesday, July 6.

On Tuesday, July 6, we expect to have a call of the calendar of measures to which there is no objection. Upon the

completion of the call of the calendar the Senate will proceed to consider the pending business which will have been set at the time when it recessed on Friday.

For the further information of the Senate, let me say that I understand it is quite possible that during the course of this afternoon the Senate may get the conference report on the State, Commerce, and Justice appropriation bill. The conferees are scheduled to meet this afternoon. If the conferees complete their labors and the House acts on their report, the Senate will act on the report today. Otherwise we will plan to act on it tomorrow.

I understand that the conferees on the Labor-Health, Education, and Welfore appropriation bill expect to complete their work this afternoon. Again, if the House has an opportunity to act on the conference report this afternoon we will take up the conference report as soon as it comes to us from the House.

The third conference report is on the legislative appropriation bill. I understand the conferees expect to complete their work early this afternoon. We will take up that conference report also as soon as it is advisable.

There is a possibility that before we recess over the Fourth of July weekend we may be able to dispose of the conference report on the Lease-Purchase bill. The conferees have agreed, but we have not as yet received the conference report from the House.

I do not know, of course, when the conferees may be able to agree on the housing legislation, but as soon as the conferees have agreed, if they do agree, we hope to take up that conference report and dispose of it at the earliest possible date.

That is about as far in advance as the majority leader can now look with respect to the legislative program. Pursuant to the general policy of giving as much notice to the Senate as possible I wanted to make this brief announcement of the legislative program.

RECESS TO 3:30 P. M.

The PRESIDING OFFICER. What is the pleasure of the Senate?

Mr. KNOWLAND. If there are no further remarks to be made at this time, I move that the Senate stand in recess until 3:30 p. m. today.

The motion was agreed to; and (at 2 o'clock and 37 minutes p. m.) the Senate took a recess until 3:30 o'clock p. m. today.

On the expiration of the recess, the Senate reassembled and was called to order by the Presiding Officer (Mr. SCHOEPPEL in the chair).

PROGRAM FOR THE REMAINDER OF THE DAY AND TOMORROW

Mr. KNOWLAND. Mr. President, it is not anticipated that there will be any voting on amendments to the tax bill this afternoon. As Senators know, beginning tomorrow the time will be controlled. The Senate will meet at 11 o'clock tomorrow morning.

The only legislation which might be taken up this afternoon, in the event the House should act, would be additional conference reports on appropriation bills, should they reach the Senate in time to be considered before the Senate takes a recess tonight.

I shall be glad to arrange that no motion will be made to recess until every Senator who has any remarks to make on either the tax bill or any other legislation has an opportunity to make them. I thought Senators might like to be advised of the program for the remainder of the day and tomorrow.

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

Mr. KNOWLAND. I yield.

Mr. MAYBANK. As I understand, the conference reports to which the Senator refers are principally the conference report on the legislative appropriation bill and possibly the Labor and Health, Education, and Welfare appropriation bills?

Mr. KNOWLAND. Probably the conference report on the legislative appropriation bill; and there is a possibility that the conference report on the Labor and Health, Education, and Welfare appropriation bill will be ready. I understand the conferees have agreed.

There is a possibility—although I think a remote one—that the conference report on the State, Commerce, and Justice Departments appropriations may be ready. However, that is more likely to be taken up tomorrow.

Mr. MAYBANK. I thank the Senator.

Mr. KNOWLAND. Mr. President, I may add that there is one additional piece of legislation which has been reported from the Committee on the Judiciary, and which must be acted upon before tomorrow, because of the expiration date at the end of the fiscal year. I am informed by the chairman of the committee that the bill was reported from the committee unanimously. I have submitted the material to the minority leader; and if agreeable to him, I expect to ask for consideration of that bill, because of the expiration date on June 30, and the necessity of getting it to the President before midnight tomorrow.

CONGRESSIONAL INQUIRIES

Mr. SCHOEPPEL. Mr. President, in today's issue of the Wall Street Journal there appears a very appropriate article entitled "Congressional Inquiries." It is such a fine article and so apropos that I ask unanimous consent to have it printed in the body of the RECORD.

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

CONGRESSIONAL INQUIRIES

The casual reader of the public prints might well be forgiven if he believed that until a quite recent date all witnesses before congressional investigating committees were treated with the acme of courtesy.

We can recall when the chairman of a committee of the House of Representatives charged an official of the old Postal Telegraph Co. with committing treason. The man's offense was opposition to the ideas of Mr. Burleson, then Postmaster General, who wanted to continue Government operation of the communication companies which had been taken over by the Government during the First World War.

In the stock market investigation of the early thirties, witnesses were sometimes not allowed to complete their answers to questions and the protests of attorneys representing the witnesses were given short shrift.

Alger Hiss was counsel for a Senate committee which came up with a report that the makers of munitions—"merchants of death"—were the main cause of wars. And another Senate committee at about the same period came out with a conclusion that the employment of guards and investigators at industrial plants was somehow a heinous offense. Eventually the counsel for that committee was identified as a Communist.

However, an abuse which is an aged abuse still remains an abuse. So it is to the good that both Congress and public opinion have been aroused to think about ways in which congressional inquiries can be made to protect the rights of witnesses and to comport with the dignity that should surround the legislative proceedings of a great nation.

There is apparent agreement that something ought to be done. The agreement ceases when there is posed the question "such as which?"

Obviously a congressional inquiry cannot be bound by the same restrictions as prevail in a court of law. One of the famous investigations was that which uncovered the Teapot Dome scandals. Before the late Senator Walsh got to the bottom of that situation he had ranged far and wide. The evidence which finally caused Edward L. Doheny to tell the inquiry that he had made a loan to Secretary of the Interior Fall would not have been allowed to come into an ordinary court procedure.

The purpose of a congressional inquiry is to elicit information, and to accomplish that purpose it must have latitude and it must have the chance to proceed under rules which would deny the chance for a clever attorney to delay with a myriad of technicalities.

Furthermore, there are abuses which could not be made subject to a rule. Thus the counsel for a committee of inquiry can wait until the end of a day's session to open up a new line of sensational questioning. Before there can be any explanation by the witness the session is adjourned. The headlines or the leads in the next morning's newspapers will be what the counsel wants them to be. How does anyone make a rule about that?

It seems to us that the most effective thing which Congress might do requires no new rule at all. All that Congress need do is to give the suggestion for investigations more detailed consideration before it authorizes them. Under present practice it is not difficult for a Member of Congress to get authority and funds to carry on an inquiry about which the great majority of House or Senate Members have not informed themselves very thoroughly.

Several years ago a minor official of the British Labor Government was accused of an indiscretion and an inquiry was held. The inquiry was conducted by the attorney general, a member of the same Government to which the accused official belonged. No one in Britain suggested that the attorney general might try to whitewash the affair. Nor did the attorney general do that. Neither did he dwell on the sensational aspects of the affair. But he did go to the bottom of the situation very thoroughly.

The British have no rules which enforced that conduct of that investigation. What they have is a tradition that such affairs should be conducted in that way. Probably the attorney general, had he desired, could have found many ways to get around written

rules. But he could not, even if he had desired, break the British tradition.

It is within the power of the American Congress to build its own traditions. Admittedly the process will be slow, but it will be effective, and so far we have yet to see a proposed set of rules which a clever and aggressive investigator cannot go through and around.

CRITICAL SITUATION AFFECTING THE LEAD AND ZINC MINING INDUSTRY

Mr. McCARRAN. Mr. President, at noon today the conference of western Senators met at a luncheon attended by representatives of the American Mining Industry and representatives of the executive agencies which deal with mining matters, to consider the critical situation existing in this country today in the lead and zinc mining industry.

The situation was presented to the conference in a very fine statement by Mr. Otto Herres, vice president of the Combined Metals Reduction Co., and chairman of the National Lead and Zinc Committee.

There was full and free discussion of the situation and the problems and questions involved, and I want the Senate to know there was complete agreement among Republican and Democrat Senators alike that the administration should be warned that unless the escape clause is activated under the Trade Agreements Act, with respect to lead and zinc, many thousands of lead and zinc miners in many parts of the Nation will be thrown out of work. This question is extremely timely because the unanimous recommendation of the Tariff Commission for activation of the escape clause is now pending before the President of the United States, whose decision is expected momentarily.

I ask unanimous consent, Mr. President, that there may be printed in the RECORD at this point as a part of my remarks the statement presented to the conference of western Senators today by Mr. Otto Herres.

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

DOES THE UNITED STATES NEED A MINING INDUSTRY?

Only 3 years ago the Government was calling on the mines of this country to expand production of lead and zinc, urgently needed for defense purposes and essential industries. Today the lead-zinc mining industry is struggling to survive a flood of imports priced below the average cost of domestic production that threaten its very existence.

The Tariff Commission, after one of the most comprehensive investigations ever made of an American industry, on May 21, 1954, recommended unanimously to the President that relief from this deplorable situation be granted under the escape clause of the Reciprocal Trade Agreements Act.

It is the understanding of the industry that the State Department strongly opposes the Tariff Commission recommendation and prefers to obtain the Nation's supply of metals and minerals from friendly foreign countries. In some instances the amount of friendship involved may be open to question. However, informed opinion is that the State Department influence against the domestic industry will prevail at the White House, regardless of the merits of the case unless Congress, and Members of the Senate in particular, take steps to see that the welfare of the domestic industry receives consideration.

It may be essential to import some metals and minerals to supplement domestic production and to fill our stockpiles for defense with materials in which we are deficient. But the Nation still must look to its own reserves for the major portion of its mineral supply. All of the studies and reports of materials resources policy by presidential commissions, national resources boards or foundations interested in promoting foreign trade must come to this conclusion for one reason or another, but principally self-preservation for the Nation.

National security requires a healthy mining industry with ample productive capacity and experienced working forces. Our protection is industrial strength.

DISCRIMINATORY PRACTICES

But the lessons of the war and post-war rearmament years, it seems, are sometimes forgotten. Discriminatory practices favoring foreign purchases of metals and minerals for stockpiling have been reported. And Government agencies in some instances seem to believe that it is preferable to supply our needs from foreign mines at the expense of the domestic industry.

Zinc is coming to our stockpile from Peru and lead from Africa. We are buying copper to aid Chile and tin to help Bolivia. Why not give some consideration to the unemployed lead-zinc miners of the United States? Twice during the past 12 years the country has suffered from a shortage of zinc because of policies destructive to the domestic industry.

STATE DEPARTMENT POLICIES

The record shows that for years the State Department by ill-considered action has been committed to opening our markets to free competition with goods produced far below our wage levels and living standards. When World War II came there was a shortage of metal. And again during the Korean emergency the experience was repeated.

Soldiers were returned from the Army to work in the metal mines of the West during World War II.

And what has the State Department been doing during these critical times to protect the domestic metal production essential for national defense and security? The State Department has been carrying on a program for financing expanded foreign production of metals and negotiating tariff reductions under the Reciprocal Trade Agreements Act in preference to protecting domestic production.

Unfortunately the same difficulties of shortages and abnormally high foreign prices on the basic metals, and the same hardships from restrictions on consumer use are likely to be suffered again when the next great crisis arises, unless the mines of this country are permitted to operate and develop the ore reserves needed for future production of metal essential to national defense.

State Department officials contend that when a sufficient number of American mines have been wiped out prices eventually will come back to 15 cents a pound for lead and zinc because of decreasing supplies. By that time many once thriving mining communities will be deserted and many families will have lost their homes. Is that good American policy?

Large corporations can protect themselves by moving to foreign fields and receive United States Government assistance in their efforts to produce profitably when metal prices drop too low to permit profitable operation under our wages and living standards. But where does that leave workers and their families and the smaller independent companies and their stockholders?

Small independent mining companies unable to obtain financial support because of the depressed prices of zinc and lead are being forced out of existence. Some of the better mines are passing into the hands of large corporations that are able to hold on at a loss until foreign imports have virtually eliminated competition by pricing much of the domestic industry into bankruptcy. Is it the Government policy to liquidate small business in this country?

SAVING THE WORLD

Washington has been so engrossed in recent years with trying to save the world that problems here at home are forgotten. The State Department proposes to finance expanded production for all of the backward and undeveloped areas of the world where land and labor are cheap and take payment in metals, minerals, and other raw materials. When raw materials come into a country where they already are produced in substantial amounts and create an oversupply the effect can be only lower earnings or unemployment for workers engaged in the industries affected. The price of a commodity is determined by the value of the excess of supply over demand.

The mineral policies of the State Department over the past 20 years have been responsible for metal shortages during 2 wars of this period and price instability that has been harmful to producer and consumer alike. No effective protection is available to the domestic mining industry against the dumping of metals on our markets from low-wage countries that have devalued their currencies. And no safeguard of consequence has been available to the consumer against shortages in times of heavy demand, or excessive prices on foreign metals during periods of shortage.

FINANCING COMPETITION

The American taxpayer has been called upon to finance competition which is putting industries essential to our national security out of business. His money has gone toward the purchase of such metals as lead and zinc at high world prices by other nations, later to be released and depress our markets. Mines are standing idle in the United States and workers are unemployed because of currency devaluation and the socialistic methods used by foreign governments in the purchase and sale of metals.

Bad policy has put the mines in the fix they are in. The fault does not lie with the lead-zinc industry of the United States. The situation has been brought about by devaluation of the pound and other currencies, American aid programs and overstimulation of foreign production by high prices when United States mines were restricted by means of price controls.

The Senate of the United States has taken cognizance of the situation and accordingly has directed an investigation and study to be made of the accessibility of critical raw materials for the national defense. The purpose of the investigation is to recommend measures that will encourage and assure the availability of adequate supplies for the expanding needs and security of the United States.

Concerned over the evidence of serious injury, the Committee on Finance of the United States Senate on July 27, 1953, and the Committee on Ways and Means of the House of Representatives on July 29, 1953, each by unanimous resolution requested the Tariff Commission to institute a general investigation of the domestic lead and zinc industries, including the effect of imports of lead and zinc on the livelihood of American workers. Testimony in this investigation was heard by the Tariff Commission concurrently with the "escape clause" investigation requested by the industry. After a very comprehensive study the Commission submitted a complete and detailed report to the committees of Congress on April 20, 1954.

TARIFF COMMISSION INVESTIGATION

Virtually the entire lead-zinc mining industry of the United States with the exception of companies engaged in foreign mining activities presented positive and indisputable evidence to the Tariff Commission in a hearing held in Washington, D. C., November 3–6, 1953, to show conclusively that the mines of this country have been seriously injured and domestic smelters have been forced to curtail their production because foreign lead and zinc are flooding our markets at less than the cost of domestic production. That the mines were suffering serious injury was unquestioned. The facts are clear and were freely acknowledged by all appearing before the Commission. The question for the Commission to decide became not whether the mines were injured but rather what steps should be taken to preserve an industry important to national defense and essential to the civilian economy. The Commission on May 21, 1954, unanimously recommended to the President that the industry should be afforded escape clause relief.

EXCESSIVE IMPORTS

The report of the Bureau of Mines on the zinc industry in the United States in 1953 states: "Domestic mine production of recoverable zinc fell off during the year, owing largely to low prices brought about by heavy imports. Output for the year was 535,000 tons compared with 666,000 tons in 1952." * * * "Imports established an all-time high; the total, 743,000 tons (zinc content), was greater than domestic mine production for the first time on record. Domestic consumption of slab zinc was 978,000 tons, or 15 percent above the comparable figure in 1952, and a new high."

The Bureau of Mines report and the Census Bureau statement of lead and zinc imports for the year 1953 reveal the deplorable outlook for United States mines unless some action is taken to restrict the excessive tonnages of foreign material flooding our markets.

A worker from the Oklahoma zinc smelters stated the case to the Tariff Commission in these words:

"We are faced with curtailment at a time when the consumption of zinc and zinc products is at the highest peacetime level ever known in these United States. This is a serious situation with our people."

The record for the past few years reveals the serious deterioration that has taken place. For the year 1951, United States mine production of zinc was 681,000 tons. Imports of zinc metal, ores and concentrates amounted to 391,000 tons. For 1953, mine production has dropped to 535,000 tons and imports have increased to 743,000 tons. Both United States mine and smelter production are continuing to decrease because they are unable to compete with imports offered at less than the average cost of United States lead-zinc production.

The outlook is somewhat as follows for zinc:

Slab zinc supply and demand for the United States

[Short tons]

	1951	1952	1953 (preliminary)	1954
United States consumption	934,000	852,000	975,000	[1] 825,000
Imports, ore and metal	391,000	563,000	743,000	[2] 743,000
Difference	543,000	289,000	232,000	82,000
Unsold slab zinc end of year	21,901	87,160	180,843	[3] 209,828

[1] Estimate.
[2] 1953 rate.
[3] May 31, 1954.

It is evident from the above tabulation that if zinc imports are allowed to continue at the 1953 rates this year, lead-zinc mining in the United States will soon be finished as an industry of consequence. Unsold zinc on hand and imports at the 1953 rate, amounting together to some 952,000 tons, are sufficient to take care of the entire prospective demand for slab zinc in 1954 of some 825,000 to 875,000 tons with some 100,000 tons to spare.

Production of zinc from United States mines has dropped from an average of 60,000 tons per month during the first 6 months of 1952 by one-third to 39,000 tons during the corresponding period this year. Employment at the mines has decreased in the same proportion. Imports for the year to date are coming at the rate of 48,260 tons a month (zinc content).

The lead outlook is somewhat similar, particularly because much of the mine production of lead comes from complex-zinc ores. The difficulties of one metal seriously affect the other. And the question becomes, is an industry which is essential to national defense and security expendable to the cause of "freer trade"?

NATIONAL PROSPERITY

The Nation's prosperity during the year 1954 was reflected in a heavy demand for metals and minerals. Mineral production valued at $14 billion exceeded all previous years. Slab-zinc consumption was at an all-time high of about a million tons. But strange as it might seem, in the midst of this booming activity production of zinc from the Nation's mines dropped to the lowest tonnage since 1938. Many mines were forced to close and unemployment rose throughout the year. Mining communities became deserted and small businesses suffered.

Had the lead-zinc mines reached the have-not stage frequently and often fervently predicted by the Washington planners? On the contrary new mines were being developed from one end of the land to the other; from Virginia, Pennsylvania, and Tennessee in the East to Idaho, Washington, and New Mexico in the West. This was the reponse of the mining industry to the Government's urgent request only a few years earlier to the mines to expand production of zinc for national defense and civilian needs at the time of the Korean emergency.

IMPORTS CAUSE DEPRESSION

What then brought depression to the mines in such prosperous times? The answer is found in another record for the year. Imports of zinc in ores, concentrates, and slab form reached a new high of some 743,000 tons. Foreign supplies far in excess of requirements flooded our markets in the absence of adequate tariff protection causing unemployment and distress for many mining communities throughout the Nation.

This is not a new experience for the American people. When supplies are plentiful and production is expanding, foreign materials from low-wage countries flood our markets. Prices drop, production becomes unprofitable and workers lose their jobs. But when a shortage exists in the United States and foreign materials are needed, world prices are high. When we needed more zinc and lead during 1951, foreign prices became exorbitant and imports were low. Today we are short of coffee and the price moves up to all that the traffic will bear; mercury prices reach new highs.

LIQUIDATING DOMESTIC MINES

Excessive tonnages of foreign zinc were thrown on the markets of the United States at prices as low as 9¼ cents a pound, or less earlier this year. Lead now 14 cents a pound reached a low of 12 cents during 1953. Competent studies of the cost of producing lead and zinc in various parts of the world, based on costs reported by the more efficient foreign producers, indicate that prices should stabilize at around 15 cents a pound for these metals. Why, then, should zinc now be selling at 11 cents a pound in this country where wages and living standards are the envy of other lands? Perhaps the answer may be supplied by State Department officials who oppose any solution for the present predicament of the domestic lead-zinc mines. Their contention is that when a sufficient number of American mines have been wiped out by prices below the cost of domestic production the prices of lead and zinc will return to the more reasonable level of 15 cents a pound because of decreasing supplies. And then obviously the well-financed foreign producer who now sells zinc in this country at a loss can take over our markets and regain his losses as prices move up.

What encouragement for the future is offered the American worker and his family when it is made clear to him that the State Department favors buying metals and minerals from friendly foreign nations in preference to protecting his means of livelihood? Or as the Paley Commission would have it, that the United States must reject self-sufficiency as a policy and go for the lowest cost acquisition of materials wherever secure supplies may be found. What incentive is there for the prospector and the small operator to find and develop the new mines needed for the future welfare of this nation if small business has no protection against the unfair competition of low-wage imports and devalued currencies?

INDUSTRIES FLOURISHED

The lead and zinc mining industries of the United States under adequate tariff protection from the early years of the Republic until about the beginning of World War II flourished and became the largest in the world. The mines brought new wealth to the Nation and provided metals that manufacturing might prosper and furnish employment for many workers.

Certainly the national interest requires that the effect of the foreign trade policies of the United States on our domestic economy should be given at least the same weight as increasing benefits for foreign producers. No great contribution to world peace and prosperity will result from changes that lead to displacement of American workers and injury to our essential industries.

EXCESSIVE IMPORTS

Imports of zinc in ore and metals in June 1954, amounted to 84,257 tons and in July to 85,212 tons. By comparison United States consumption of zinc metal in June was 85,859 tons and in July, 73,031 tons. Enough zinc was imported to close down every lead-zinc mine in the country.

Notwithstanding excess tonnage available for use from domestic production in 1952, imports of slab zinc in 1953 doubled, increasing from 115,000 tons in 1952 to 230,000 tons in 1953, and caused unemployment in the smelters of Illinois and Oklahoma and mines throughout the country.

Approximately 315,000 tons of foreign lead and 300,000 tons of zinc imports ordinarily are sufficient to supplement supplies from domestic sources if protection is afforded to maintain a healthy mining industry in this country. During 1953, some 743,000 tons of zinc and approximately 563,000 tons of lead were imported, more than twice our needs.

Approximately one-fourth of all the workers employed in the lead-zinc mines of the United States lost their jobs during the past year, and the number continues to increase. In some districts wages have been reduced and living standards lowered in an effort to compete with imports from low-wage foreign areas.

TARIFFS LOWERED

The tariffs on zinc ores and metal have been lowered by the State Department under successive Reciprocal Trade Agreements negotiations to six-tenths and seven-tenths of a cent a pound respectively, and on lead ores and metals to three-quarters of a cent and one-sixteenth of a cent a pound. These duties afford no protection of consequence against low-wage imports and devalued currencies.

It is plainly evident that when more than double the tonnages of lead and zinc we need are imported and offered at prices below the cost of domestic production, the consequences can be only disaster for an industry essential to national defense and security.

Is it in the public interest to permit an industry which is the largest of its kind in the world, and which is essential to national defense and security, to be priced out of existence by a flood of foreign lead and zinc offered at less than the cost of domestic production? The President has stated that a strong domestic mining industry is vital to national security and the continued prosperity of the country.

PROBLEMS OF SURVIVAL

If the domestic lead-zinc mining industry is to compete with the low level of foreign prices and continue to supply the major portion of national requirements it must become adjusted to the lower price level or be priced out of existence.

This would mean reduction of wages and selective mining of only the higher grade portions of ore deposits. Is reduction of wages and wasting natural resources better government policy than furnishing adequate protection to an industry important to the security and economy of the United States? The alternative is increased dependence on foreign producers for essential metals and an unemployment problem at home.

The effect of the reduced duties on the domestic industry was obscured by shortages and scare-buying during the Korean emergency and the recurring crises of the war and post-war years. Now with the return of competitive conditions in world trade the serious consequences of the concessions have become apparent. Wars and great emergencies nullify the effects of tariff reductions. But in the aftermath of war, inflation and tariff reductions have served to make the problems of the domestic mining industry more difficult.

SUGGESTED REMEDIES

Opponents of tariff relief for the domestic lead-zinc mines, acknowledging the need of a remedy for the serious situation which prevails, suggest the use of subsidies to support the mines and provide employment. But subsidies are not the cure for excessive imports. This is ironic humor in the thought of aiming for freer trade and ending up with a regimented economy. But then only in the United States is a Nation that gives consideration to the protection of its workers and industries considered open to criticism.

STOCKPILING PROPOSALS

On March 26, the President authorized the Office of Defense Mobilization to establish new mineral stockpile objectives. Additional stockpiling of lead and zinc will provide temporary relief if handled on a substantial scale. But unless imports are controlled by adequate tariffs, or by quotas on lead and zinc in metal form, the effect eventually will be to support and encourage continued over-production all over the world. The domestic market will be turned over to foreign producers at the expense of the American taxpayer who will have to stand the stockpiling expense as long as his pocketbook holds out.

The administration's "long-term" stockpiling program appears likely to prove very disappointing. The President's authorization on March 26, 1954, stated: "Acquisition of metals and minerals will take place ordinarily at such times as the Government decides that purchases will help to reactivate productive capacity and in other ways to alleviate distressed conditions in connection with domestic mineral industries that are an important element of the Nation's mobilization base."

But purchases were long delayed after being authorized and probably will prove to be too small to be of any great consequence without restrictions on imports. Without such restrictions, it would appear that anyone who thinks the stockpiling program is going to help the American lead-zinc miner is in for a sad disillusionment. The net effect thus far has been to reduce the price of lead one-fourth cent per pound and to depress zinc sales. In New Mexico zinc properties of some of the most efficient mining companies in the world have been made idle by the excessive imports. Now that the stockpiling program has proved disappointing, unless favorable action is forthcoming on the Tariff Commission recommendation for escape-clause relief, it seems impossible for the mines to reopen. Similarly, in Utah the large lead-zinc smelter and mill of the International Smelting & Refining Co. will cease operating on July 10.

The question to be decided is whether or not, in the interest of national security, the mining of such essential metals as lead and zinc in this country is an industry worth saving from destruction by imports. Or, are we to be forced to compete with the living standards and wages which prevail wherever the cheapest supply of raw materials can be found?

METALS FOR SECURITY

In these uncertain times, the availability of metals and minerals adequate for the expanding economy and security of the United States is a matter of grave concern. Experience has shown that it is not wise to become dependent on foreign sources of supply. In case of war it is dangerous. Twice during the past 12 years the country has suffered from a shortage of zinc during an emergency because of policies destructive to the domestic industry. Our growing population will require larger tonnages of metals in the future. These will prove much more costly if the American producer is forced out of business by excessive imports. Prices for imported materials are high when we no longer are able to compete.

We all long for a peace that will save mankind from going further into a third world war. But another stake we have in the contest is the wealth, resources, and living standards of the United States of America. And destroying much of an industry essential to our national security will serve no good purpose toward the prevention of war.

Section 6 (a) of the Trade Agreements Extension Act of 1951, as amended, states:

"No reduction in any rate of duty * * * shall be permitted to continue in effect when the product on which the concession has been granted as, as a result, in whole or in part, of the duty * * * reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products."

As to the pending action by the President on the lead-zinc escape clause case, The Journal of Commerce in an editorial on June 1, critical of some cases brought before the Tariff Commission, offers the following comment:

"This is not to overlook the purpose of the escape clause itself nor to question for a moment that relief should be granted where the need for it can be demonstrated on the basis of complete and convincing data.

"To deny access to this relief would be a flout of the law."

Thousands of miners and millmen who have been thrown out of employment because of the foreign metals flooding our markets in the absence of adequate tariff protection, and hundreds of communities throughout the country are hoping anxiously for favorable action by the President on the Tariff Commission recommendation for their relief which has been at the White House since May 21.

They are looking to Congress to exercise its constitutional responsibility for the welfare of the American people.

WAR-RISK HAZARD AND DETENTION BENEFITS

Mr. KNOWLAND. Mr. President, on behalf of the Senator from North Dakota [Mr. LANGER], from the Committee on the Judiciary, I report favorably, without amendment, the bill (H. R. 9505) 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, and I submit a report (No. 1657) thereon. I ask unanimous consent for the immediate consideration of the bill.

I may say that this is one of the bills with reference to which I made an announcement a few moments ago. It has been unanimously reported by the committee. I have consulted with the minority leader, the Senator from Texas [Mr. JOHNSON], and this procedure meets with his approval, because it is necessary that the bill be sent to the President for signature before midnight tomorrow night.

In explanation of the bill, I should like to read an explanatory statement which was furnished to me by the chairman of the Committee on the Judiciary. It reads:

Attached hereto is a copy of a report and a bill which passed the House on June 23. The purpose of the bill is to extend for 1 year until July 1, 1955, two statutes which will expire by their own terms on June 30, 1954, if this legislation is not enacted.

The two statutes provide for the payment of compensation to employees for their families of Government contractors who are overseas and who are injured as the result of activity by our enemies or other hostile forces. It applies also to civilian employees of the Government who suffer death or disability "after capture, detention, or other restraint by an enemy (hostile force) of the United States."

The Senate will have to act upon the bill today in order that the President may sign it on June 30. It was introduced at the request of the Department of Defense.

With that explanation, Mr. President, I ask for the immediate consideration of the bill.

The PRESIDING OFFICER. The Secretary will state the bill by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 9505) to continue the effectiveness of the act of December 2, 1942, as amended, and the act of July 28, 1945, as amended, relating war risk hazard and detention benefits until July 1, 1955.

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

There being no objection, the bill (H. R. 9505) was considered, ordered to a third reading, read the third time, and passed.

TRANSFER OF HOSPITAL AND HEALTH FACILITIES FOR INDIANS

Mr. DOUGLAS obtained the floor.

Mr. PAYNE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield with the understanding that I do not lose my right to the floor.

Mr. PAYNE. With that understanding, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair). The clerk will call the roll.

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

Aiken	Fulbright	Martin
Anderson	George	Maybank
Barrett	Gillette	McCarran
Beall	Goldwater	Millikin
Bennett	Gore	Monroney
Bowring	Green	Morse
Bricker	Hayden	Murray
Bridges	Hendrickson	Neely
Burke	Hennings	Pastore
Bush	Hickenlooper	Payne
Butler, Md.	Hill	Potter
Butler, Nebr.	Holland	Purtell
Byrd	Humphrey	Robertson
Capehart	Ives	Russell
Carlson	Jackson	Saltonstall
Case	Jenner	Schoeppel
Chavez	Johnson, Colo.	Smathers
Clements	Johnson, Tex.	Smith, Maine
Cooper	Johnston, S. C.	Smith, N. J.
Cordon	Kennedy	Stennis
Crippa	Kerr	Symington
Daniel	Kilgore	Thye
Dirksen	Knowland	Upton
Douglas	Kuchel	Watkins
Duff	Langer	Welker
Dworshak	Lehman	Williams
Ferguson	Lennon	Young
Flanders	Long	
Frear	Magnuson	

The PRESIDING OFFICER. A quorum is present. Pursuant to the order entered on June 25, 1954, the Chair lays before the Senate House bill 303, to transfer the maintenance and operation of hospitals and health facilities for Indians to the Public Health Service, and for other purposes.

The hour of 4 o'clock having arrived, under the order the Senate will proceed to vote on the final passage of the bill. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GEORGE (when his name was called). On this vote, I have a pair with the junior Senator from Montana [Mr. MANSFIELD]. If the junior Senator from Montana were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. SALTONSTALL. I announce that the Senator from Nevada [Mr. MALONE], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from South Dakota [Mr. MUNDT] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

If present and voting, the above listed Senators would each vote "yea."

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Montana [Mr. MANSFIELD], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

The result was announced—yeas 57, nays 27, as follows:

YEAS—57

Aiken	Ferguson	Millikin
Barrett	Flanders	Morse
Beall	Gillette	Murray
Bennett	Goldwater	Pastore
Bowring	Green	Payne
Bricker	Hayden	Potter
Bridges	Hendrickson	Purtell
Bush	Hickenlooper	Robertson
Butler, Md.	Humphrey	Saltonstall
Butler, Nebr.	Ives	Schoeppel
Capehart	Jackson	Smith, Maine
Carlson	Jenner	Smith, N. J.
Case	Knowland	Stennis
Cooper	Kuchel	Thye
Cordon	Langer	Upton
Crippa	Lennon	Watkins
Dirksen	Long	Welker
Duff	Magnuson	Williams
Dworshak	Martin	Young

NAYS—27

Anderson	Gore	Kilgore
Burke	Hennings	Lehman
Byrd	Hill	Maybank
Chavez	Holland	McCarran
Clements	Johnson, Colo.	Monroney
Daniel	Johnson, Tex.	Neely
Douglas	Johnston, S. C.	Russell
Frear	Kennedy	Smathers
Fulbright	Kerr	Symington

NOT VOTING—12

Eastland	Kefauver	McClellan
Ellender	Malone	Mundt
Ervin	Mansfield	Sparkman
George	McCarthy	Wiley

So the bill (H. R. 303) was passed.

Mr. WATKINS. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. GOLDWATER. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arizona to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

REVISION OF INTERNAL REVENUE LAWS

The Senate resumed the consideration of the bill (H. R. 8300) to revise the internal revenue laws of the United States.

Mr. MARTIN. Mr. President, I submit an amendment to the pending bill and ask that it be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. DOUGLAS. Mr. President, now that the tax bill is before the Senate, we need to give careful and thorough scrutiny to the various tax proposals which ask for discussion. That is the purpose of my remarks today. I shall not pretend that my analysis is necessarily better than that of any one else. But we should strip away the confusing jargon which the so-called tax experts in the Treasury Department use and get down to the sophisticated arguments which lie at the base. I hope that my analysis may be placed alongside that of the administration and of others to enable the Senate to have the best possible information upon which it may base its actions.

CONSIDERATIONS IN ENACTING TAX LEGISLATION

Such an analysis is certainly needed. For there are few public issues which affect the Nation as profoundly as do taxes. Their effect has a direct impact not only on the economic well-being of the Nation as a whole, but also on each individual citizen and whole industries as well.

To say that taxes affect individuals is a truism. But how a given tax policy affects a particular individual is not always understood. Let us, for a moment, get away from specifics and discuss principles.

PROGRESSIVE, PROPORTIONATE, AND REGRESSIVE TAXES

Suppose we figured how much money we needed, divided it by the number of persons in the population and taxed each person by that amount. There are those who would like this. Each person would pay the same amount. Some one will ask if that would not be fair. Of course it would not. It does not take into account the inequality of requiring the low-income person to pay just as much as the high-income person. Such a tax would be extremely severe on the poor and overly easy for the wealthy.

Such a tax would be highly regressive; that is, the percentage of the tax would diminish as the income increased.

It would similarly be regressive if the amount of the tax did not increase as rapidly as income so that as income increased the percentage of income paid in taxes decreased. Here the marginal or incremental rate would decrease more rapidly than the average rate.

What about a tax which assessed each person a flat percentage of his income? Then the wealthy would pay more than the low and moderate income groups. For example, if the assessment were 10 percent, the man with a $3,000 income would pay $300 while the man making $20,000 would pay $2,000. Such a tax would be psychologically and materially more severe on lower income families since virtually all of their income must go to sustain life whereas the higher income person does not face such a problem. Such a tax is proportionate.

Our proper rejection of regressive and proportionate taxes has resulted in a Federal income tax structure which is presumably based on ability to pay. Thus personal expenses are mitigated by permitting personal exemptions and providing tax rates which increase with income. This is progressive taxation; namely, where the rate of taxation increases as income increases. Strictly speaking, of course, this increase for the increments of income increases more rapidly than the average rate of taxation. This progressive rate of taxation may vary considerably in the degree of progressivity.

In general, in our tax structure, income taxes are progressive in rate, and excise and sales taxes are regressive. This needs to be borne in mind.

Permit me to throw in one more term; namely, tax incidence. This merely means who ultimately pays the tax. Thus the incidence of a sales tax is primarily among low-income groups while the incidence of a graduated income tax is heaviest among moderate and upper-income groups.

EFFECT OF TAXES ON THE NATIONAL ECONOMY

But taxation has other aspects besides how fair it is. Tax policies have a profound effect on the economy as a whole which, in turn, affects the well-being of us all. Much has been attributed to the effects that tax policies have on the economy, but we should keep perspective on this subject. The way we raise revenue and the amounts we raise cannot, of themselves, determine whether we have inflation or deflation, but they can be contributing factors of a fairly substantial nature.

Consider the periods when inflation was our enemy. Inflation is a result of having more money demand for consumer goods than goods themselves, resulting in a bidding up of prices on individual items, thus driving up the general price level. It also results from an increase in the supply of money and credit which is relatively greater than the increase in the relative supply of goods. High taxes, in such a period, will drain off part of the excessive purchasing power, and dampen inflationary pressures. They can be used to retire some of the bank-held public debt and hence reduce the money supply and dampen down the price increase. If we do what is best for the national welfare, we would enact high taxes in inflationary periods, even though this is a highly unpopular course.

I may say that it would have been far better to have imposed heavier taxes earlier in the war, and thus not to have increased the public debt as much as it was increased, than to have kept taxes down and for us to have been compelled to borrow money and thus create more monetary purchasing power and drive up the price of goods. President Roosevelt was more correct than his critics on this point.

The opposite course, however, is wisest in times of deflation because it is the opposite of inflation, namely, more goods on the market than there is effective demand at the prices charged. This is now true in many sections of our economy—automobiles, steel, textiles, appliances, farm products, and a host of others. Deflation calls for tax policies which will increase purchasing power and stimulate consumption. This means tax reductions for the broad mass of buying units; namely, families.

TAXATION FOR SPECIAL PURPOSES

Tax policies can also be used selectively for a variety of other purposes—tariff rates to keep out foreign goods, restrictive excises on consumer durables, cars, appliances, and so forth, when the materials going into such products are needed for a war or national defense effort, tax incentives to businesses in the form of accelerated depreciation allowances on new plants to encourage investment in certain types of needed productive capacity, especially in a period of rapid defense buildup, and so forth. There is also the argument that such tax incentives are valuable in times of deflation to encourage investment, but we shall get into that later.

One of the inevitable problems we face is to determine just what the economy needs at a given time, and the degree to which it needs it. Moreover, it is not easy to apply tax rates without considering revenue needs. We shall continue to have a high level of expenditures necessary for our national security.

We have not agreed on the correct terminology to apply to the present situation. Some call it a "readjustment" and others call it a "contraction." I use the standard term "recession," first established by Dr. Wesley Mitchell, Director of the Bureau of Economic Research, and continued by Arthur F. Burns, his successor, now chairman of the Council of Economic Advisers. But, while there are differences in terminology, there is general agreement that the economy has suffered a definite downturn. A business cycle according to Mitchell and Burns, has four phases, revival, prosperity, recession, and depression. So that when I term it a recession I am following standard operating procedure in referring to the falling off which follows a period of intense prosperity.

But there are basic differences as to what our tax policies should be to correct this trend.

THE PRESENT ECONOMIC SITUATION

It is not easy for those of us who believe that the current business recession calls for immediate and effective steps to be allowed to discuss it. It seems that every time one opens his mouth to point out the downward trend in an attempt to alert the Nation and to justify positive steps to counteract it, he is accused of "talking" the country into a depression. Whether this is a jockeying of political position to blame a depression on us if one occurs, or whether it is merely an attempt to keep the present administration in a favorable light, I cannot say.

One thing is certain. Attempts to protect this Nation from depression will not cause a depression. One might just as well say that alerting the country to the needs of a strong national defense will cause war; or that urging slum clearance will cause slums. Personally, I believe I was elected to the Senate to protect the welfare of the Nation; and that is precisely what I am trying to do. If I see a situation that needs to be corrected I shall speak up.

The pitiful part of it is that Democrats would have a better chance of success in elections if the Nation were to slide into a depression. Thus, if we were acting from a purely political standpoint, we would keep our mouths shut and let our Republican friends blunder once again into a depression. But no one, in his right mind, wants to see another debacle such as we experienced because of foolish policies which this country followed in the 1920's and early 1930's. We should make every sacrifice short of the national safety itself to avoid even the remotest chance of returning to the mass misery and human suffering flowing from that spectacle. I think I can say, without reservation, that every Democrat in this body and indeed in this country would rather remain out of power in perpetuity if it meant continuing peace and prosperity for the Nation because this is what we stand for.

It is, therefore, to protect the national prosperity and not to advance our own political fortunes that we now speak up. And we shall gladly give our political lives if our efforts can result in measures which may stem the trend toward a depression.

BASIC BUSINESS BAROMETERS

In order to determine what our tax policies should be, let us see just what sort of a situation we are in. We must not be fainthearted nor afraid to take a cold, calculating look. For, just as a patient with minor maladies must have them diagnosed and corrected before they develop into major complications, we need to see what our problems are and move to correct them before they get out of hand. When men have a severe cold, they do not normally consult the ostrich with its habit of meeting dangers by sticking its head in the sand and pretending that danger does not exist. They, instead, consult a doctor who will diagnose their condition and prescribe remedies in order to prevent it from turning into pneumonia, double pneumonia, or finally, spinal meningitis.

Unemployment: Unemployment has dropped from 3,465,000 in April to 3,305,000 in May. But let us look at this. The decline in total unemployment was 160,000, yet the number of jobs in manufacturing industries fell off by 193,000 Thus, the unemployment picture improved only because of seasonal factors. For example, farm employment increased 300,000 and construction employment went up. Both were induced by the usual expansion of outdoor activities at this time of the year.

Moreover, these unemployment figures do not include temporary layoffs and those forced to work only part time. Those forced to work part time totaled 2.4 million persons in the case of nonfarm employment. Of this amount, 960,000 worked the equivalent of 4 days and 600,000 worked the equivalent of 3 days. This leaves 840,000 who worked less than 3 days, or, generally, less than half time. This is equivalent to another 852,000 unemployed among those forced to work only part time.

In addition, there were 294,000 on temporary layoffs. In all, therefore, we have total unemployment of 4,451,000, or well over 7 percent of the total civilian labor force.

But some say that an unemployment rate of over 7 percent, in and of itself, is not a dangerous sign.

I think this is a danger sign. Furthermore, we need to consider that in the month of June hundreds of thousands of young men and women left high school and college and entered the labor market, seeking jobs at a time when the level of employment is turning downward. We are having in this month a great increase in the labor force, and unless there is a great pickup in employment to absorb this large increase in the labor force, even administration spokesmen predict an appreciable increase in unemployment in July

over June, and possibly a still further increase in unemployment in August over July.

In this connection, we need to see how fast unemployment is growing and what other economic indicators show.

Let us also recognize the great relative increase which has occurred. Unemployment has risen from an official level of 1.2 million in October 1953, to 3.3 million in May of 1954. This is a jump of 2.1 million or almost 200 percent in 7 months, plus an increase in temporary layoffs and those forced to work only part time.

Thus, the rate of growth of unemployment has been great. Even this, by itself, does not tell a complete story. We need to weigh it in relation to other factors.

Steel production: Steel is basic to our economy because of its widespread use in so many maufacturing and fabricating industries. Yet we find that production has slumped from 2,192,000 net tons in June 1953, to 1,740,000 net tons as of June 12, 1954—a drop of over 20 percent. The steel operating rate in the first 5 months of 1954 ranged between only 68 and 75 percent of capacity.

Freight-car loadings: Another basic business barometer is the number of freight-car loadings because the movement of goods in commerce is reflective of overall business activity. For the week of June 5, 1954, freight-car loadings were 612,000 as compared to the corresponding week in 1953 of 775,000 cars, a drop of 21 percent.

Business failures: Business failures for the week ending June 12, 1954, were 206, as compared with 167 for the comparable week a year ago. This is an increase in number of almost 19 percent.

Textiles: Textile and apparel production was down from an index of 115 for May 1953, to 103 percent, a preliminary figure, for May 1954. Although this was 6.2 percent above the index of 97 in March 1954, it shows a drop of 10 percent below last year. These indexes are based on the production level of 1947–49 being 100.

It should be remembered that the population of the country is increasing at the rate of more than 1 percent a year.

Farm prices: Farm prices received by the farmers as of May 15, 1954, were 10 percent below the 1952 monthly average. These prices showed a decline of 2 percent over the 12-month period from May 1953 to May 1954.

Farm equipment: Farm equipment is a very important item in my State of Illinois. The farm machinery production for April 1954, was about 22 percent below that of April a year ago, having dropped from an index 109 to 85, without seasonal adjustment.

I have just returned from my State, where I received a rather thorough report on conditions in the important farm equipment centers of Rock Island, Moline, and East Moline. If my informants are correct, and I believe they are, the companies there are once again beginning to lay off employees in appreciable numbers. The spring pickup in the farm equipment industry is virtually over, and that manufacturing center is back to approximately where it was last winter, with the cash reserves of workers having been used up, or largely used up, in the meantime.

Automobiles: Let us now consider the automobile industry, probably the most important single industry in the country. The production for the week of June 12, 1954, was 134,595 as compared with 156,057 in the comparable week of 1953.

Motor vehicle factory sales, including passenger cars, trucks, and coaches, was 631,769 in April as compared with 723,-532 in the same month of last year.

I may say, in this connection, that the stocks of cars in the hands of new-car dealers, according to the last report which I saw in the Wall Street Journal, amounted to 660,000, as compared with approximately 400,000 for the comparable week of last year. This does not take into account the new cars in the hands of used-car dealers. We all know that a large part of the backlog of new cars is being passed off as used cars. This was not done a year ago.

Moreover, it is not known—and I am making no charges—whether there are pools of cars which have been produced by factories, but which have not yet been put in the process of shipment to the new-car dealers. If there are such pools, of course, the accumulation of unsold 1954 models is still greater.

In addition, there is still a big overhang of 1953 cars not yet sold. So I am afraid that what the automobile industry faces is a large stock of unsold cars, both of 1954 and 1953 models, much greater than the number of unsold cars last year at this time.

While I certainly am not a prophet of disaster, and while I certainly want to see the automobile industry prosper, I think it is a very real question as to how much longer the automobile factories in Detroit and other cities can continue producing, even at the rate at which they are now manufacturing. For there will be not merely a seasonal slump, but also a problem as to whether dealers can absorb the additional quantities of cars, when they already have such a large backlog of unsold cars.

The situation, of course, has been accentuated by reports which have come out about the 1955 models. Recently the Wall Street Journal, published an article on the probable nature of the 1955 models. Immediately shrieks of pain went up from the automobile companies and the automobile dealers, to the effect that when the public knew of the new models, they would not buy the existing model. The Wall Street Journal was, I think, being an honorable newspaper and, so far as I know, was publishing truthful news. But it is undoubtedly true that the prospect of new models and new designs will hold back somewhat the demand by the public for the automobiles which otherwise they would have purchased.

So while I do not wish to be a prophet, I think it should not be concluded that everything is rosy in the automobile industry. In fact, there are serious signs of weakness. If there should be a great drop in production in the automobile industry, it would ramify in all directions, including the manufacture of steel, aluminum, glass, and automobile parts. There is virtually not a durable-goods industry in the country which will not be affected to some degree. If a low pressure area is developed in the automobile industry, it will result in a decrease in the purchasing power of those who produce a myriad of articles. Naturally, that will result in a decreased demand for other consumer goods, including soft goods, thus causing increasing unemployment this year.

Construction: The next industry we should consider is the construction industry. Construction has been considered as a sort of bright spot in our economic picture, and it is true that it has been better than almost any other phase of industry. We are pleased about that. Yet even here we find new-housing starts for the final 5 months of this year more than 5 percent below the comparable period a year ago. This situation promises to worsen when we consider the trend in building permits, which precede construction. Building permits issued in 215 leading cities in May totaled $431.4 million, down 10.9 percent from April and down 7 percent from May 1953. It was the second consecutive month in which the figures have been under the 1953 figures. I have quoted from the reports by Dun and Bradstreet.

Total new contracts awarded in 37 States in April 1954, as reported by F. W. Dodge, were almost 3 percent below April 1953.

Mail order sales: Mail order sales, a particularly good measure of farmers' buying, fell 11 percent from the period January–April 1953 to the same period in 1954.

What do all these indicators mean? That we are headed for a depression? I have never said that, and I know of no one who has, with the possible exception of Mr. Colin Clark, in England. But the indicators demonstrate quite clearly that we are in a recession, and that the danger signals are up. The time has come when positive antidepression steps must be taken, among which are tax reductions.

Mr. President, I have discussed the economic condition of the country, and pointed out that the unemployment and reduction in production which existed during the past 9 months call for stimulating the economy, through a reduction in taxes.

HOW FAIR ARE PRESENT TAXES?

One of the problems which face those of us who strive for a just tax burden is the popular notion about income taxes. Income taxes are direct taxes. When a person consults the rate table to figure his own tax, his eye wanders down to the rates on higher incomes, and he perceives that, as taxable income goes up, so do the rates—up to 91 percent in the highest brackets.

Personally I think this increase in the rate is all to the good. The taxpayer is willing to pay the Government on the basis of his own rates, since those with higher incomes pay a steeper percentage. But he is likely to get the notion that these are the total rates always paid by those in the higher brackets.

Before we attach too much importance however to the claims of heavy taxation of the well-to-do, it is important to recognize that there is a real difference between the theoretical tax rates and tax rates which are actually paid. For example, billions of dollars of income from capital gains are received annually, but received most often by the well-to-do. These are taxable not at the rates imposed on personal incomes, but at rates ranging from only 10 percent to a maximum of only 25 percent.

The rates on capital gains are a far cry from the 70, 80, and 90 percent rates which are so frequently talked about. Furthermore, married persons with incomes in the upper brackets have the privilege of splitting their income, which greatly reduces their effective tax rate. Many others receive income from tax-exempt bonds, or receive the benefits of large depletion allowances. Many evade the reporting of dividends and interest, which unlike wages and salaries, do not have the tax withheld at the source. There are other devices, many of which we debated on the floor of the Senate in the autumn of 1950 and 1951, with the eminent junior Senator from Colorado [Mr. MILLIKIN].

TAX LOOPHOLES

There are other tax loopholes, such as dubious family partnerships, "split-offs," "spin-offs," and so forth, which greatly reduce the taxes to a level considerably below the maximums which are talked about. There are also a great many additional loopholes in our tax laws which permit high-income groups to evade, avoid, or escape the high tax brackets. High-salaried executives can participate in stock option plans, or receive the benefit of pension provisions running into five digits.

Some businessmen can form family partnerships with their infant children or other relatives, so as to split their income into segments and avoid high rates. It is not my purpose today to go into these tax loopholes, other than to say that they do exist, and that they greatly moderate the high tax rates listed in the individual income tax schedules. Even if there were no loopholes, the fairest tax system is one which is based upon ability to pay, which means higher rates on higher incomes, with the rates increasing as incomes increase, and the rate rising on the marginal additions to income, with the average rates rising more slowly than the incremental or marginal rates.

INCOME TAXES ARE NOT THE ONLY TAXES

Of even greater importance, however, is that we realize that personal income taxes are by no means the only taxes we pay. While personal income taxes are graduated, other taxes are not. For example, a person with a $3,000 income pays precisely the same excise tax on a $20 electric Toastmaster as does the person who makes $15,000. They both pay the same State sales tax on a loaf of bread, a bottle of milk, a pound of beef, on furniture, or other retail goods, and they pay the same Federal and State excise tax on a gallon of gasoline. Thus, in these cases of indirect and excise taxes, the $3,000-man pays a higher percentage of his income in the purchase of such items than does the $15,000 man, because he spends a larger proportion of his income on goods sold at retail. He also spends a smaller proportion of his income on personal services, on savings and on rent, which are not subject to the excise and sales taxes.

That is why most excise and sales taxes are regressive, and these regressive Federal and State sales taxes in varying degrees offset or help to offset the progressive income tax rates.

This brings us to a comparison of relative tax burdens, namely, the percentage of income paid in the form of taxes, both direct and indirect, by various income groups. We know that the Federal income tax burden is progressive, though not so much so as the rate schedules would indicate, and we know that excise taxes are regressive.

But what about corporation income taxes? Who pays them? Are they shifted forward to consumers in prices, backward to labor as a cost, or absorbed by stockholders on corporate profits? One authority, Dr. R. A. Musgrave, uses as a standard assumption that one-third of such taxes is shifted forward to consumers, one-eighth back to the wage earner, and the rest to the stockholder. This contention was set forth in his article published in the National Tax Journal of March 1951, at page 26.

One of Dr. Musgrave's severest critics, Rufus S. Tucker, economist for the General Motors Corp., estimated the division at half to consumers and half to stockholders.

Similar theoretical assumptions and statistical differences crop up in other types of taxes and treatment of different types of income; for example, "income in kind." Yet the similarity of results between such extremes is more significant than the differences, as we shall see.

RELATIVE TAX BURDENS COMPARED

First let us consider the tax burdens computed by Dr. R. A. Musgrave, using his standard set of assumptions.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point Professor Musgrave's tax table, using the standard assumptions I have cited.

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

Distribution of tax payments by income groups: Summary [1]

[Money amounts in millions of dollars]

Item	Spending unit income brackets (thousands of dollars)							
	Under 1	1-2	2-3	3-4	4-5	5-7.5	7.5 and over	Total
AMOUNTS								
(1) Federal	620	2,243	5,392	6,682	5,079	6,754	17,010	43,794
(2) State and local	422	1,123	2,131	2,512	1,755	2,061	3,542	13,552
(3) All levels	1,052	3,366	7,523	9,194	6,834	8,815	20,552	57,344
PERCENT OF YIELD TOTALS								
(4) Federal	1.4	5.1	12.3	15.3	11.6	15.4	38.8	100.0
(5) State and local	3.2	8.3	15.7	18.5	12.9	15.2	26.1	100.0
(6) All levels	1.8	5.9	13.1	16.0	11.9	15.4	35.8	100.0
PERCENT OF INCOME								
(7) Federal	16.5	16.2	18.6	19.0	19.3	21.1	30.1	22.3
(8) State and local	11.6	8.1	7.3	7.1	6.7	6.4	6.3	6.9
(a) State	5.8	3.9	3.7	3.7	3.5	3.4	3.4	3.6
(b) Local	5.8	4.2	3.7	3.5	3.2	3.0	2.8	3.3
(9) All levels	28.1	24.3	25.9	26.1	26.0	27.6	36.3	29.2
ADDENDA								
(10) Income received	3,747	13,850	29,037	35,207	26,283	31,953	56,542	196,619
(11) Percent of income [2]	1.9	7.0	14.8	17.9	13.4	16.3	28.8	100.0
(12) Percent of spending units	12.2	17.7	22.9	20.1	11.6	10.2	5.3	100.0

[1] Standard assumptions throughout.
[2] Includes income imputed under standard corporation assumption.

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

Source: National Tax Journal, March 1951, p. 26.

Mr. DOUGLAS. According to Dr. Musgrave's calculations as shown in the table, and in the chart to the right, chart No. 1, the percentage of income paid in Federal taxes rises as the income bracket rises. The rise is from 16.5 percent for the less than $1,000 bracket to 21.1 percent in 5 to 7.5 thousand dollar bracket, a difference of less than 5 percent. The percentage for the bracket over $7,500 is 30.1 percent. From these figures we can see that Federal taxes are progressive, but not very progressive.

State and local taxes, on the other hand, are just the opposite. Those under the $1,000 bracket pay 11.6 percent of their income for such taxes. But this percentage falls as the income rises, until we come to those in the bracket over $7,500, who pay only 6.3 percent. Thus, State and local taxes are distinctly regressive, with the greatest burdens on the low-income group.

The net effect of those two combinations is to produce a U-shaped tax-burden curve, with the proportion paid starting higher in the case of the less than a thousand dollar group, going down and remaining relatively constant in the case of the group from $2,000 to $7,500, and then rising in the case of the group having incomes of $7,500 and more. However, this is the interesting point, that, instead of a steady rise there is a kind of U-shaped

curve. The result is that for the broad mass of taxpayers, those with income between $2,000 and $7,500, the net effect is pretty much in the nature of proportional taxation, rather than progressive taxation, since regressive taxes dampen down the rate of progression of the personal income taxes and produce a rough proportionality in the system as a whole.

Dr. Musgrave's figures have been attacked by Dr. Tucker, who challenges his assumptions and statistical methods, with the apparent attempt to prove that taxes are not so regressive as Musgrave's figures show.

Let us, then, line up Tucker's figures with those of Musgrave.

Mr. President, I ask unanimous consent to have placed in the RECORD at this point in my remarks a comparative table.

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

Comparison of total tax burden figures of Tucker and Musgrave; tax payments as percent of total income by income bracket

	Spending unit income brackets (thousands of dollars)						
	Under 1	1–2	2–3	3–4	4–5	5–7½	7½ and over
Musgrave [1]	28.1	24.3	25.9	26.1	26.0	27.6	36.3
Tucker [2]	18.7	20.8	23.9	25.0	26.3	28.3	44.8

[1] National Tax Journal, March 1951, p. 26.
[2] National Tax Journal, September 1951, p. 81 (includes social-insurance taxes).

Mr. DOUGLAS. It will be seen that the main differences between the Musgrave and Tucker percentages are in the lowest and highest brackets. Yet consider this: Regardless of whose figures we use, the person with a $1,000 income pays between $200 and $250 in taxes. That is a considerable tax burden for such a person who is alleged to be escaping taxes merely because, as a rule, he pays no direct income tax.

COMPARATIVELY HEAVY TAX BURDENS OF LOW-INCOME GROUPS

That is the point I should like to emphasize. It is said that if we raise the exemption limit we are taking away the obligation upon the part of many citizens to support their Government. The point is that these people are already paying Federal and State sales taxes, and taxes on local general and personal property.

I have had a little experience in local government, and such experience as I have had convinces me that on the whole workingmen's homes are assessed at a higher percentage of their real value than are the mansions of the well-to-do or the industrial properties of the large corporations. I cited on the floor of the Senate some weeks ago an illustration which I believe to be accurate, though I cannot vouch for it completely, namely, that in an industrial city, where the $10,000 home of a workingman is assessed at approximately 100 percent, there is a large industrial concern with a modern mill, the original cost of which, I am informed, was $76 million, but which is carried on the assessment books at only $1 million. It is assessed not at 100 percent of its value, but at approximately 1⅓ percent of its value. I have not inspected the tax rolls of that city, and therefore I do not wish to identify the city, but men who have inspected the tax rolls and whom I believe to be accurate, tell me that what I have stated is, in fact, the case.

The point is that the low-income groups are already paying indirectly a very large fraction of their income in taxes; and to say that they now escape taxes or that an increase in the exemption under the Federal income tax law would exempt them from taxes is not correct.

Moreover, I am led to the conclusion of two other students, Gerhard Colm and Haskell P. Wald, namely, that—

> The main result of these studies * * * is that the relative tax burden * * * is approximately proportional (rather than progressive) in the income-tax brackets which include the bulk of the population.

And also that—

> The tax curve of income distribution does not agree with our general notion of what a just tax distribution should look like. Taxpayers in income brackets which are either exempt from Federal income tax or which pay only a low effective rate carry such a heavy relative load in indirect taxes * * * that the progressivity of income taxes is largely offset, as far as the lower and middle brackets are concerned.

I quote from the National Tax Journal, March 1952, page 2.

Let us consider one final point. Sales and excise taxes are flatly regressive. A person of high income and a person of low income, seeing the same movie at the same time will pay exactly the same amount of tax, which will be a much, much lower percentage of income for the well-to-do than for the poor. The same is true of any and all items bought by all income groups which are subject to such taxes. A uniform rate of taxing consumers' goods means that the percentage paid in taxes diminishes as income increases.

To summarize the arguments about relative tax burdens, let us not be fooled by Federal income-tax schedules. There are other taxes which must also be paid. No one escapes taxation. It is rough on all of us, and very rough on the low-income groups, contrary to a lot of propaganda circulated throughout the country.

THE TAX RECOMMENDATION OF THE TREASURY DEPARTMENT

Let us consider briefly the tax bill of the Treasury. When I say the tax bill of the Treasury I wish to distinguish the Treasury from the White House, because, as many Senators know, I have a great admiration for the President and I do not wish to charge him with personal responsibility for this huge bill which was originally introduced in the House and now comes from the Committee on Finance to the Senate in a somewhat different form. It is the primary product of the Treasury, and the responsibility should be pinned upon the Treasury. It is the bill as it was originally introduced about which I should like to speak briefly, and then I shall return to the bill which has come from the committee.

The Treasury's tax proposals as originally advanced were not completely the same as those which have passed the House or those which have been recommended by the committee. They are very similar, however, and must be outlined as they were submitted, since they constitute a program which the Treasury spokesmen declare to be superior to ours. It is proper, therefore, that we should analyze what they have proposed. Later we shall consider the Senate committee modifications.

EFFECTS OF TREASURY PROPOSALS

The ultimate effect of the Treasury proposals would be:

First. To give about $250 million in tax relief to individuals by miscellaneous liberalized deductions such as baby-sitters' expenses for working widows and widowers, higher medical expense allowances, deductions for certain dependents regardless of earnings, and the like.

I may say that we have analyzed those provisions, and I think their general drift is praiseworthy and commendable. Nevertheless in practice they are to the greatest advantage, in some cases of those who are in the upper brackets, and not of those in the middle and lower brackets. In other words, they are for the benefit of financial elite; they are not for the working-class in the centers of our population.

Second. To give favored tax treatment to those who receive income from stock dividends, providing at the end of the third year $1.2 billion a year in tax relief. This I repeat was the original Treasury proposal.

Third. To give businesses special tax treatment on deductions for plant and equipment, providing ultimate relief of $1.55 billion. In addition, other tax relief for businesses was added, amounting to about $250 million. This was primarily in the form of liberalized accounting provisions, treatment of income from foreign sources, and operating loss deductions.

Fourth. To extend excise tax rate increases scheduled for expiration April 1 with no reductions in any of the rates.

Fifth. To extend corporation tax rate increases scheduled for expiration April 1.

In addition to the above program, excess profits taxes, after being extended 6 months beyond their scheduled expiration date, were allowed to expire on January 1 of this year, and individual income tax increases were permitted to expire as scheduled. The latter, so far as the individual is concerned, was offset by an increase of one-third in social security tax rates—from 1½ to 2 percent on earnings up to $3,600 a year. Congress has refused to accept the Treasury's proposal on excise taxes and has cut them by about a billion dollars.

TREASURY PROPOSALS ARE UNFAIR

The Treasury program is unfair, as I shall show.

Let us see what would be the major consequences of this program in relation to individuals, on the one hand, and to investors and business interests, on the other. At first glance it would

seem unfair to individuals whose $250 million in tax relief is only one-twelfth of the total of $3 billion asked for investors and businesses. But the actual discrimination in the Treasury plan is much greater than that.

I point out that those in the lower brackets would not benefit appreciably, as I shall show at a later time, from the increased medical allowances, for the baby-sitters' allowances, for students in college, and charitable contributions.

Let us look a little further into the effects of the Treasury's program. The average tax relief for the individual taxpayer would be $6 a year having $250 million divided by 39 million tax returns showing taxable income, while the average stockholder would receive $185, namely, the $1.2 billion provided in the Treasury proposal, divided by 6½ million stockholders, which is the number estimated by the Brookings Institution, or more than 30 times as much per capita.

But the discrepancy is still understated by this method of averaging. Permit me to pursue this comparison on the basis of the Treasury's proposal. Then I shall compare the benefits to the two groups in the Senate bill.

Each tax return, because of the advantages of the split-income provisions, usually represents a spending unit or family. According to the data from the Survey of Consumer Finances, only 11 percent of all spending units, or families, own any stock at all. That is about 5½ million families. Only 1 family out of 9 in the United States owns corporate stock. This is a fact which should sink home, because we hear much talk about everyone in the United States owning stock in American corporations.

What is done by these men is to add up the several hundred thousand stockholders in United States Steel, the several hundred thousand in American Telephone & Telegraph, and the several hundred thousand in General Motors, and then to say that there are 30 million or 40 million stockholders. But this, of course, does not take into account the fact that the average large investor owns stock in a wide variety of corporations, and therefore will appear on the rolls of stockholders many times over. He is like the supernumeraries in plays, who come onto the stage in different guises and seem to be an enormous army, but who in reality are only a small number of actors.

The Survey of Consumer Finances was made under the auspices of the Federal Reserve Board, which is not an instrument for the dark forces of disorder in this country; it is a highly conservative institution. Those who work for it are conservative persons. They are not interested in exaggerating the evils of the American economy, nor are they interested in painting a more lurid picture of the distribution of American ownership than actually exists. Yet the survey shows that only 11 percent of all spending units, or families, own any stock at all—or about 5½ million families. These are broken down as follows:

Seven percent of all families own publicly sold stock only.

Three percent of all families own privately sold stock only.

One percent of all families own both publicly and privately sold stock.

Eighty-nine percent of all families own no stock at all.

If anyone questions my source of information, let me say that it appeared in the Michigan Business Review for January 1953, at page 13. Thus, while the average amount of tax relief per regular family would be $6, under the original Treasury bill—as a matter of fact, even that would go only to a small percentage of families—the average amount of tax savings for the stockholding family would be $220; namely, $1.2 billion divided by 5½ million families, or 37 times as much.

But the extent of the favored treatment which the administration plan extends to the wealthy would still be vastly understated. According to a study conducted by the group which heads the Survey of Consumer Finances Reports for the Federal Reserve Board, namely, the Survey Research Center of the University of Michigan, only 8 percent of the families owning publicly held stock—not 8 percent of the total number of families—held stock worth $25,000 or more.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table giving a breakdown of the value of publicly held stock owned by stock-owning families.

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

Own stock worth—	*Percent*
Less than $500	25
$500–$999	9
$1,000–$4,999	31
$5,000–$9,999	10
$10,000–$24,999	10
$25,000 and over	8
Amount not ascertained	7
Total	100

Mr. DOUGLAS. Mr. President, the study, moreover, showed that "the small proportion of families with holdings of over $25,000 each owned over four-fifths—80 percent—of the value of all publicly held stock."

Thus, since only 8 percent of American families own publicly held stock, and only 8 percent of this group—that is, 8 percent of the 8 percent—own 80 percent of the total value of such stock, the net result is that six-tenths of 1 percent of the American families own 80 percent of the value of publicly held stock.

If we assume, and I believe it to be a correct assumption, that ownership of 80 percent of the value of publicly held stock will result in the owners receiving 80 percent of the dividends on all stock, then 8 percent of the stock-owning families would get 80 percent of the dividend tax relief, or $960 million—80 percent of $1.2 billion. Eight percent of the 5½ million stockholding families would be 440,000. Thus 440,000 families would, under the original Treasury plan, get $960 million, or almost $2,200 apiece. This was the melon which was to have been cut. Those were the people who were to have a slice of the melon. This is 366 times as much as the average taxpaying family's $6. This was to be the distribution originally intended by the Treasury between the many and the few.

I have heard it said that the other concessions made by the administration to the individual taxpayer are the chocolate coating on the bitter pill of the huge tax concessions to the wealthy. If so, it is an extremely thin layer of chocolate; it can hardly be tasted at all.

I could continue to demonstrate that the tax relief ratio proposed by the Treasury, of 366 to 1 in favor of the wealthy, is still an understatement.

For example, the $1.8 billion in relief proposed for business in the form of more liberal depreciation allowances for capital goods, accounting procedures, and treatment of income from foreign sources, will flow mainly to corporations, and hence ultimately to their stockholders, since interest on bonds is a prior charge. But it seems to me that a ratio of 366 to 1 is sufficient to make my point.

This reminds me, Mr. President, of the hoary joke which is told about a stew which was made of rabbit and horsemeat. It was a 50–50 stew—1 horse to 1 rabbit.

SENATE COMMITTEE BILL

Let it be said to the credit of the House of Representatives and the Senate committee that they could not quite stomach the total effect of the Treasury's proposals. They dampened it down very slightly, but the principles embodied in the committee bill are the same, and the effects are almost as bad.

As for individuals, the Senate committee report declares that they will get $849 million in tax relief. However, of this amount, $243 million consists of dividends allowances; $77 million is in depreciation allowances for businessmen; and $20 million affects taxation of partnerships. Thus, individuals other than businessmen actually will get only about $500 million.

Let it be noted that even these allowances will largely be helpful only to wealthier persons and businesses. For example, lifting the charitable contribution limitation from 20 percent to 30 percent, at a cost of $25 million, will not affect middle- or low-income groups, which do not give 30 percent of their income to charity, because they do not have the surpluses to give. I am not opposed, let it be understood, to the increase in the limitation; I merely point out whom it will benefit.

Nevertheless, let us accept the figure of $500 million in relief for individuals. The big change which the House of Representatives and the Senate committee have made has been to reduce the ultimate tax credit on dividends to 10 percent, rather than 15 percent, as proposed by the Treasury. Thus the eventual cost of this feature will be $840 million a year, rather than $1.2 billion, as originally proposed.

The committee, however, has permitted depreciation charges and other tax advantages for private businesses and corporations as proposed by the Treasury.

Under the bill as it comes from the Finance Committee, the average taxpaying family would get $12 a year. But I emphasize that is an arithmetic average,

and that if we consider actual families, most of them will get nothing at all. But the 440,000 families—and I am not seeking them out for opprobrium; I am merely seeking to identify them—who own 80 percent of the stock of corporations, will get 80 percent of the $840 million cost of the dividends allowance, which is $672 million, or an average of more than $1,500 apiece. Even under the committee bill, this is 125 times as much as the average taxpaying family's $12.

It is still a rabbit and horse stew, even though the rabbit may have slightly increased in girth and the horse may not have been of the full Percheron variety.

WHY THE TREASURY AND FINANCE COMMITTEE PROPOSALS WILL BE INEFFECTIVE

If I have, by this discussion of relative tax burdens and proposed tax relief, implied that the Treasury's tax experts base their arguments for their tax program primarily on the claimed injustice of the existing higher tax rates on the wealthy, then I hasten to correct such a notion. I have previously discussed the question of justice because of the widely held misconception about the actual facts. While the assertion that tax rates on upper income brackets are unjustifiably high is implicit in the Treasury's program, that issue is clear enough to those who would benefit, but not popular enough to advance to those who would not benefit.

In short, if the program is to be "sold"—and that is the expression of the advertising experts, the soap dispensers, the hucksters of Madison Avenue in New York, who seem to be the dominant intellectual elite at present—it is necessary to provide a more plausible explanation than this. Thus we find the argument advanced that business and investors need incentives to induce them to invest in new plant and equipment, thereby providing greater productive capacity by increasing the capital used per worker. In this way, it is said, productivity and real wages will be higher, employment greater, and prices lower, and, hence, society will ultimately gain.

THE BASIC TAX ISSUE—WHAT IS BEST FOR THE ECONOMY

In discussing the foundation upon which rests the main pillar of the arguments for the administration's tax proposals, we come to the very core of the economic issue between us. In its simplest terms, stripping away both jargon and emotionalism, it can be stated as two tax alternatives:

First, should we grant tax relief now to business and investors to encourage them to save and, it is assumed, to invest in new plant and equipment, which, it is claimed, will stimulate the economy, create jobs, and restore prosperity?

Or, second, should we grant tax relief now to the broad mass of consumers, which, it is claimed, will give them greater purchasing power—that is monetary purchasing power—so that they can buy more goods, and hence increase sales, production, and jobs, thus helping to restore prosperity?

The advocates of building up the purchasing power of the consumer, of whom I am one, also assert that their tax proposals are more fair to the whole population, since tax relief is given to everyone. The investment school, on the other hand, maintains that their method largely eliminates the double taxation of dividends, and hence is more fair. We have already discussed the relative tax burdens, and I shall shortly deal with double taxation. For the moment let us consider the claim that giving tax breaks to investors and businesses will restore prosperity.

I know it has been argued that stimulants to business and investors—perhaps I should say to savers—are what are needed to maintain a strong economy. It is argued that by giving such incentives, business will expand production, and hence increase employment.

INCREASED SAVINGS DO NOT NECESSARILY MEAN INCREASED INVESTMENT

Mr. President, let me say that before I entered the Senate, I devoted some years of my life to measuring the increase in capital in this country and the increase in production, and the resulting increase in real wages. It is perfectly true as a long-run generalization, that the increase in capital at a faster rate than the increase in the volume of labor means that each worker works with more capital and tends to produce more, and that, hence, capital is productive.

I want it to be clearly understood that I am not denying the productivity of capital. In fact, I devoted some years of my life to proving the productivity of capital, thus refuting the Marxian contention that capital is nonproductive and is merely absorbed value created by labor. In the long run, I grant that it is highly desirable to have an increased amount of capital per worker. What I am speaking about this afternoon is the question whether in a period of business recession, the way to get out of the recession is primarily by stimulating savings or by stimulating consumption; and that is a very different question from the long-run question.

Implicit in the assertion of the Treasury is a double fallacy: (1) An increase in savings does not, of itself, mean increased investments; and (2) investments in plant and equipment will not be made to the degree necessary to provide new jobs unless there is a market for the goods which the new capacity can produce. For, under such a premise, who will buy the goods at current prices? Only adequate monetary purchasing power widely distributed can bring about that result.

A reduction in taxes to the upper-income groups and to corporations would probably stimulate savings.

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

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

Mr. LONG. What the Senator is saying is well illustrated by the automobile industry. There is a capacity in that industry to produce about 8,400,000 automobiles a year. Yet I understand that the industry would be doing well if it produced as many as 5 million automobiles this year. Last year there were produced, if I recall correctly, about 6,190,000. It was a figure somewhere in that vicinity. Why are not 3 million more vehicles produced? There are people who could use them. The only automobile producer who cannot meet the demand is the Cadillac division of General Motors.

Mr. DOUGLAS. The air-conditioned Cadillacs in particular are doing very well in sales.

Mr. LONG. I understand that even a member of the President's Cabinet is not able to get his Cadillac delivered nowadays.

Those in the upper-income brackets do not demand many of the ordinary passenger cars. It happens that those in the lower and in the middle income brackets do not have the purchasing power with which to buy all the automobiles which can be produced.

The excess-profits taxes expired on January 1 this year. One would certainly think the expiration of those taxes would encourage General Motors to produce more automobiles instead of the fewer automobiles. General Motors was able to effect the greatest savings of any corporation in America as a result of the elimination of excess-profits taxes. Yet General Motors is producing a lesser number of units. There is only one reason for it and that is great numbers of the public do not have the money to buy automobiles.

Some of the representatives of the administration who appeared before the committee very proudly pointed out the fact that savings have increased. That is a point which impressed some members of the committee. We felt that the increase in savings reflected a failure to purchase.

Mr. DOUGLAS. The Senator from Louisiana is eminently correct. I am older than he is, and I can remember the start of the great depression which began in 1929. In 1930 there was a little evidence of an increase in savings. That fact was due to the fear that people had that they were going to lose their jobs, and they wanted to accumulate a reserve of money in the event they lost their jobs. But were those savings translated into investments? I shall produce figures to show they were not. In fact, what happened is that the savings flowed into the banks and financial institutions. The banks and financial institutions, however, did not lend them out correspondingly, because business, faced with falling demand and idle capacity, was reluctant to borrow, and banks and financial institutions were reluctant to lend. The net result was that the monetary purchasing power flowed into banks and was sterilized there.

Mr. LONG. A further illustration is that this year the social-security tax was increased and individual income taxes were decreased. I have heard representatives of the administration point to the fact that individual income taxes had been reduced. Let us take the example of a man who made $3,500 on January 1. On that day the social-security tax was increased $17.50. His income taxes went down $16.50. He was paying a dollar a year more than he had been. That man is not going to be able

to purchase another automobile because he does not have the money.

On the other hand, on the same day a person making $50,000 a year had his social-security tax increased $17.50, which is the maximum.

On the same day he received a reduction in taxes amounting to approximately $1,850. With that money he could have bought himself another car. But he did not need the $1,850 in order to be able to buy another automobile, because he would have bought another car anyway, if he had use for it, inasmuch as he already had enough money to use for that purpose.

So the result of the reduction in the amount of $1,850 in his income tax was that that money was put into savings.

If such a person was deriving his income principally from dividends from corporations, such as General Motors, the result of such a decrease in income tax would be to increase that person's income, because the corporations would be able to pay larger dividends, as a result of the expiration of the excess-profits tax.

Under such circumstances, such a person, who had no need for any more food, clothes, or automobiles, because he did not need any more of those things than he already had or already was buying, would put the extra money into savings or into bank vaults.

Mr. DOUGLAS. The Senator from Louisiana is correct.

Somewhat earlier in my remarks I pointed out that as a man's income increases, a smaller proportion is spent on consumer goods. The corollary of that is that as income increases, a larger proportion is saved.

Thus, when the tax benefits are received by those in the upper-income brackets, the result is to stimulate savings, whereas when the tax benefits are given to those in the lower-income brackets, the result is to stimulate consumption.

My point is that whereas the Treasury stills speaks of savings and investments as identical terms, the fact is that those who make the investments are commonly different from those who make the savings. The savings are generally paid into savings institutions, who decide whether the money will be translated into investments. If the money thus saved is not translated into investments, there is an impounding of purchasing power and a sterilization.

So the advantages thus given to those in the upper-income brackets by this bill translate themselves into increased savings, and do not result in a corresponding increase in the demand for consumer goods.

Mr. LONG. Mr. President, will the Senator from Illinois yield further?

The PRESIDING OFFICER (Mr. UPTON in the chair). Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. DOUGLAS. Certainly.

Mr. LONG. Let me point out that meanwhile another thing has been happening: The farm debt has increased since 1945, approximately 60 percent; and almost all of it has occurred during the past 2 years, since the decline in farm commodity prices. The farmers who already had gone into debt had in many cases reached the point where they were fearful of going deeper into debt. Their income was down, but their debt was up. Therefore, the farmers are buying less, and the result is to reduce the consumption of commodities.

Likewise the laboring men, who in many instances had no increase in their take-home pay, have found that they are not in a position to buy more. As a result, many companies find that at this time it is necessary to cut back production, because those who normally would buy are not now in a position to buy what they need.

Mr. DOUGLAS. The Senator from Louisiana is correct.

As I have said, a reduction in taxes to the upper-income groups and to corporations probably would stimulate savings. In normal times, savings are converted into investments, and provide for each worker more capital with which to work. This in turn leads to increased productivity and to higher real wages.

In the past, economists and businessmen have erred in assuming that this is always what happens. For in times such as these, while savings may flow into banks, they do not flow out to the same degree in the form of actual investments, since businesses are afraid to borrow and banks are afraid to lend. With a large supply of idle industrial equipment on hand, business in general does not want to borrow to add to it. For example, what steel companies want to construct more blast furnaces at the present time?

So, as I have said, at such times, savings tend in large part to become sterilized, and do not expand production and employment, as they would in normal times.

Mr. President, let us look into past savings and investment, to see whether this is true. First of all, it almost goes without saying that savings increase as the income bracket goes up. That is one of the reasons the administration advances for helping the upper-income groups, rather than the lower. The administration admits this, but says its policy will result in more savings and in more investments. My point is that it will result in more savings, rather than in investments. Certainly there will be more savings, which normally are available for investment. In short, a large part of the proposed increased tax relief would go directly into savings, and hence at least would be available for investment.

UPPER INCOME GROUPS ARE THE SAVERS

But, Mr. President, let us not conjecture about who will save money and who will not. The Federal Reserve Board's 1951 Survey of Consumer Finances has provided us with this information. In this connection I now ask unanimous consent to have inserted at this point in the RECORD, as part of my remarks, a table showing savers by income groups.

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

Percentage of income saved or dissaved by spending units within specified income groups, 1950

[Percentage distribution of spending units]

Group characteristic	All cases		Positive savers [1]	Percentage of income saved					Zero savers	Negative savers [1]	Percentage of income dissaved		
	Number	Percent		50 and over	30–49	20–29	10–19	1–9			1–9	10–24	25 and over
All spending units	3,415	100	61	4	8	9	16	24	7	32	12	10	10
Income: [2]													
Under $1,000	418	100	34	3	4	5	7	15	30	36	6	5	25
$1,000–$1,999	514	100	53	4	6	5	12	26	10	37	13	13	11
$2,000–$2,999	567	100	59	4	7	7	14	27	5	36	14	11	11
$3,000–$3,999	601	100	67	2	8	8	21	28	1	32	15	10	7
$4,000–$4,999	441	100	70	3	8	13	19	27	1	29	14	11	4
$5,000–$7,499	538	100	75	4	13	14	23	21	(3)	25	11	9	5
$7,500 and over	294	100	87	15	19	15	21	17	(3)	13	6	4	3

[1] Positive savers are spending units with money incomes in excess of expenditures and negative savers (dissavers) are spending units with expenditures in excess of money incomes.

[2] Excludes spending units for which income was not ascertained and thus adds to less than 3,415 cases.

[3] Less than one-half of 1 percent.

Source: 1951 Survey of Consumer Finances, Part IV, Table 3. (Federal Reserve Board.)

Mr. DOUGLAS. Mr. President, from the table we see, first of all, that while 61 percent of all spending units—namely, families—saved some money, the lowest percentage of savers was found among the group under $1,000. For that group, the percentage of savers was 34 percent. The percentage increased with the amount of income, until it reached 87 percent for those making in excess of $7,500.

Conversely, in the case of negative savers—namely, those going into debt—the highest percentages were found in the income brackets below $3,000, for which the percentages are from 36 percent to 37 percent; and the percentage grew less as income increased. Only 13 percent in the bracket over $7,500 went into debt.

The same story is borne out by the figures on percentage of income saved. The figures do not vary much among those who saved less than 10 percent of their income, but the gap widened rapidly as savings increased. Only from 2 percent to 4 percent of those making less than $7,500 saved more than 50 percent of their income, while 15 percent of those making more than that amount managed this feat. The opposite story was true among the groups going into debt.

My next point is most significant, namely, the fact that nearly half of those earning more than $7,500 saved in excess of 20 percent of their income. Less than one-eighth of those in the group under $1,000 saved that proportion of their income, and only about one-sixth of those in the income group between $1,000 and $4,000 saved such a percentage.

I have before me a tabulation showing the proportion of those saving over 20 percent of their income. Mr. President, I ask unanimous consent to have the tabulation printed at this point in the RECORD, as a part of my remarks.

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

Income in thousands of dollars

	Percent saving over 20 percent of income
Under 1	12
1–2	15
2–3	18
3–4	18
4–5	24
5–7.5	31
Over 7.5	49

Mr. DOUGLAS. Mr. President, these facts on savings were given recognition by the Treasury, but its argument is that tax relief to the upper income groups will go into banks, and hence into investments. I repeat that in normal times this is largely true, but it is not necessarily true in periods of business uncertainty, as I hope to show.

Thus far, Mr. President, I have been dealing with figures in crude percentages; but before I entered this body I made a study, which took me about a year to complete, on what I called the income elasticity of savings; and that study showed that the percentage of savings increases much more rapidly than the increase in income; and by dividing the former by the latter, we obtain a coefficient greater than unity. This was true of budgetary studies made prior to World War I. It was true of the celebrated study made by the Bureau of Labor Statistics in 1919, and it was also true of the studies made by the Bureau of Labor Statistics in the early 1930's. Those studies uniformly show an income elasticity of savings greater than unity, and an income elasticity in the case of consumer goods, I would say, of very much less than unity.

TRENDS IN GROSS SAVINGS AND INVESTMENTS

Mr. President, let us now trace the recent history of savings, as compared with investments. Let us consider gross private investments alongside of gross private savings.

I ask unanimous consent to have printed at this point in the RECORD a table comparing gross private savings with gross private investments for the years 1929 to 1938, and 1946 to 1949. Figures for the years prior to 1929 are not available; and figures for the period 1939 to 1945 are omitted, because of the disrupting factors resulting from World War II.

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

Gross saving and gross investment for selected years

[Billions of dollars]

Year	Column 1 gross saving	Column 2 gross investment	Ratio of column 2 to column 1
1929	15.5	16.6	1.07
1930	11.2	10.9	.97
1931	8.4	5.6	.67
1932	2.8	1.1	.39
1933	2.8	1.5	.53
1934	5.6	3.2	.57
1935	7.9	6.1	.77
1936	11.1	8.2	.74
1937	10.8	11.5	1.06
1938	8.9	7.4	.83
1946	28.7	33.3	1.15
1947	25.3	39.1	1.54
1948	36.4	44.6	1.23
1949	36.3	33.6	.92

Source: 1951 National Income, Supplement of the Survey of Current Business, p. 151.

Mr. DOUGLAS. Mr. President, I have shown these figures on the chart which is in the rear of the Chamber. Where investment is equal to savings, there is a ratio of unity, namely, the amount invested divided by the amount saved, is one. This is shown by the line to which I now point. Therefore, when not all savings are invested, the ratio is less than unity, and falls below the dotted line to which I am pointing.

In 1929, the ratio of investment to savings was above unity. This fell below 1, to 0.97 in 1930. In the year 1931 only 67 percent of the amount saved was invested. Nearly one-third of what was saved was not invested. In the year 1932 only 39 percent of that which was saved was invested. Three-fifths of the savings were not invested. This was the bottom of the depression.

In the year 1933, 53 percent of that which was saved was not invested, or about half. In 1934 the percentage was 57; in 1935, 77; in 1936, 74; in 1937, the first part of which was a period of economic revival, investment again went above unity and was 106 percent of savings. The 1938 recession, however, brought the ratio back down below unity, to 83 percent.

Let us take the postwar period. We find that in 1946 investments exceeded savings by 15 percent; in the year 1947, by 54 percent; and in the year 1948 investment was 23 percent more than savings. In the year 1949, which was a year of recession—and we never tried to call it anything else—the ratio of investment to savings again fell below unity, 92 percent of the amount saved was invested, or 8 percent of the savings were not invested.

Therefore, in periods of recession a large proportion of the savings is not invested, because they flow into financial institutions, but do not flow out in the same ratio. We note that in 1929, when 7 percent more was invested than was saved; in 1937, 6 percent more was invested than was saved; and in 1946, 1947, and 1948, appreciably more was invested than was saved.

INVESTMENT INCREASES WITH MARKET POSSIBILITIES

What is the explanation? The explanation is that in a period of high business prosperity investments do not come solely from the savings of individuals. They also come from the action of the banking system in creating commercial credit, which is used at such times not merely to finance short-term transactions, but to finance investment in plant, equipment, and machinery. In a period of prosperity and intense business activity the time-honored division between commercial banking and investment banking tends to be blurred. Banks normally, according to classic banking theory, merely create credit or monetary purchasing power to finance the movement of commodities from the raw material stage through to the stage of final sale; and in these cases the loan precedes the deposit. In fact, the deposit by the business firm is merely the act by which the bank credits to the individual firm the amount it has loaned, minus the discount. However, it is said that in investment banking the savings come first, and the financial institution merely acts as a middleman. But in practice, in a period of high business activity banks will finance fixed capital and not merely working capital, through the creation of bank credit. So there will be actually more invested than will be saved. This, I think, is a source of instability, as a matter of fact, in the financial system of the country. I wish we could get to a sharper and more coherent differentiation between commercial and investment banking.

What is the bearing of all this? The bearing is that investment falls off in relation to savings in recession or depression years, while, on the other hand, investments exceed savings in boom years. Is this consistent occurrence due to some unexplainable quirk? I think not. Investments rise in boom years because of expanding markets. Thus, the volume of expenditures on plant and equipment is determined, not by total savings but by what is considered prudent investment, taking into account not only cost-reducing improvements but primarily the probable market for the products to be produced and, of course, the prices to be charged.

Let us consider concrete cases. If one were in the automobile-manufacturing business and saw his own dealers' inventories piling up, as well as those of dealers in every other make of automobile, would he invest his extra savings in plant and equipment to produce even more cars? Without going into the question of whether the reputed long-time capital-investment program of General Motors will or will not actually materialize, I should like to raise questions about the smaller firms.

I ask if we could expect Studebaker and Packard to expand their plants? Could we expect Nash and Hudson to

expand their plants? Could we expect Willys-Overland and Kaiser-Frazer to expand their plants? Those are the six companies which have been most severely hit by the fall in the demand for automobiles. In fact, the decrease in demand for automobiles has fallen primarily, and to some degree almost exclusively, upon those six companies, with Chrysler, of course, sharing in the misfortune.

As a result, these six companies have now consolidated themselves into three. The net result of all this will be to leave idle plant and idle equipment in Kenosha, South Bend, Toledo, and Detroit. I know some of the executives of those companies. I have the warmest admiration and friendship for them. I think Mr. Hoffman, of Studebaker, is one of the great American citizens of the present generation.

Much as I regret what is happening, the truth is that these companies are fighting for their very lives. We hope that they will survive and prosper. I do not want to be too severe and say that they are gasping for breath, but the truth of the matter is that they are fighting for their very lives. This is no time for them to expand. They are waging a battle for survival.

BUSINESS CONTRACTION STIFLES INVESTMENT

If one were a manufacturer of steel and received some extra tax benefits, would he enlarge the capacity of his plant, with steel production operating at only 70 percent of present capacity, or would he say, "First, let us utilize the idle capacity which we already have on hand"?

Throughout the economy we find situations similar to those existing in connection with automobiles and steel. Consumer hard-goods production is off 20 percent; mail-order sales are down; textiles are down. There are some areas where production and sales are holding steady, but the manufactured goods which find themselves in an expanding market are either virtually negligible or exist in a very small proportion.

Thus, increasing savings to stimulate investment in productive capacity will not restore the economy. To do this we need better markets, which means more purchasing power broadly distributed among the mass of American families.

In considering the issue of stimulating savings versus stimulating consumption, we should take into account that during the past 8 years we have invested almost a quarter of a trillion dollars in expanded business facilities. That seems almost incredible, but it is true. It is almost $250 billion invested in expanded, productive capacity. It is almost as much as the national debt.

INVESTMENT RATE HAS BEEN HIGH

Now, I should like to make some comments about that point. Most of that expansion occurred during a Democratic administration. The Democratic administration has been accused of not being sufficiently favorable to business and not adopting a policy of stimulating investment. Yet it was during this period of Democratic control that there occurred the greatest investment in productive capacity in the history of the United States, both absolutely and relatively. Sometimes I wonder where the big-business men of the country get the idea that they have not prospered under Democratic administration.

I sometimes wonder when it is said that Democratic taxation policies and business policies have destroyed the incentive to save or to invest. The facts show the opposite.

In 1953 we had a level of such investment of $38 billion, or $28.4 billion if agriculture is excluded. It is easy to see that we are catching up with the backlog of capital needs caused by wartime cutbacks.

Incidentally, there was also a great deal of investment during wartime prior to 1946. For one thing, the Government financed investments in war machinery, which is now turning out civilian and military goods.

With respect to these figures, Prof. Alvin Hansen, of Harvard, has said that they will take care of both normal growth requirements and accumulated shortages. In his testimony before the Senate Finance Committee, he stated that "the recent rate of capital formation is clearly higher than the long-run maintainable rate," and added that "it is not financially prudent to build more plant and equipment than we can profitably employ."

The distinguished British economist, Colin Clark, in some issues of the Manchester Guardian, published last November, pointed out that one of the factors which made him feel that the United States was in for a rough time was that there had been such an enormous rate of capital investment, which he believed was in excess of the amount which the economy could absorb. If that has been happening during the past 8 years, why should we now try to bring about a revival by stimulating investment still further? Rather should we not try at this time to build up consumption, so that it will help catch up with the productive capacity of industry?

I believe I should add a qualification for my professional economist friends by adding that I am speaking of a given price level.

If we could bring about greater competition, so that prices would be reduced as costs go down, I believe we would develop automatically a market for the goods produced, and we would be able to utilize the increased productive capacity.

COMPETITION NOT AS PREVALENT AS IT SHOULD BE

I should add, however, that we do not have a competitive economy so far as much of manufacturing is concerned or so far as many other industries in the country are concerned. We have, instead, economic control in some industries by 1 firm, in other industries by 2 or 3 firms, and in still other industries by 4 or 5 firms, among which there are price agreements and output agreements, informal but nevertheless binding, so that the prices on goods in the cities tend to be fixed in an inflexible market.

If I may make a digression here, let me say it is that condition which lies to a large part at the root of the farm problem. The farmers are rightfully reluctant to have their products thrown on a purely competitive market when the prices of goods they buy are monopolistically determined.

They look with reluctance on having their prices forced down by the withdrawal of governmental protection when the city monopolies are able to keep prices up.

The farmer says, "If you will reduce the prices of the goods which we must buy, we will be willing to take a price reduction, but we do not want a competitive system applied to us and to have urban industry exempted from it."

It is the Government which has applied price supports for agriculture in a governmental fashion, open, visible, and tangible, whereas the industrial controls of maintained prices and restrictive output are applied quietly and secretly by the industrial combines, and are not known to the general public, or, if suspected, cannot be proved. They are therefore now difficult to isolate and to remove. The farmers of the Nation have merely asked governmental action to protect them in the way the big industrial concerns are protecting themselves.

On the floor of the Senate I have struggled to make our system of urban industry more competitive. I believe in a truly competitive system. But to have a system which is half competitive and half monopolistic works a tremendous disadvantage upon the group which is thrown into the marketplace without protection.

Therefore I believe that what we should have is an antitrust policy. I am old-fashioned enough to believe in an antitrust policy, which will, so far as possible, reduce the power of the industrial combines to keep prices up when costs are falling, and to restrict output.

However, I must admit that we have not had much success in putting this program into effect, because the industrial combines in this country are very powerful, both politically and economically, and they are sometimes able to pull the wool over the eyes of perfectly good, sincere Senators and Representatives, and administrators, too, I may say.

Therefore what I should like to point out is that, as a practical matter, with industry apparently not being willing to build up the demand for its goods by lowering its prices, if we have a level of prices which is more or less fixed, which unfortunately it tends to be, then we can have a productive capacity in excess of the ability of consumers to buy the products turned out, or which can be turned out at the prices charged.

Professor Hansen was concerned, as he should be, about the proposition of recklessly adding more plant and equipment without regard to an appropriate balance between capital stock and consumption.

That is the reason we need to bring consumption at least up to par before worrying about investment. As a matter of fact, the best way to stimulate investment is to do so indirectly, by stimulating consumption.

Up to now I have discussed the Treasury's tax proposals and the Senate committee recommendations in general terms. Volumes could be written about

the individual recommendations. However, the one giving special tax windfalls to stockholders, accepted in principle by the Senate committee, is the worst proposal in the administration's tax program.

Mr. President, I admit I have something of a feeling of bewilderment and resentment at our being called upon to vote tomorrow on a bill which runs to 807 pages of fine print. It taxes the ability of mortal man to understand and to discuss intelligently such a bill. I realize the amount of work the committee has expended on it, and I wish to commend the committee for its diligence. But it is impossible to have intelligent consideration by the Senate of literally thousands of individual provisions in this measure. I wish we had been given more time before we were called upon to vote. Therefore, we cannot discuss the minor provisions now but must concentrate on the major provisions.

The worst provision in the bill, which to my mind is unconscionable and unjustified, is the one giving special tax windfalls to stockholders. I believe it to be unfair, unjustified, and ineffective.

THE AMAZING DOUBLE-TAXATION PROPOSAL

The Treasury's tax proposals would grant both a tax deduction and a tax credit to recipients of dividend income. They would exclude from tax the first $50 in dividends in 1954, and in 1955 the first $100. On top of this special deduction, the proposal would grant a tax credit of 5 percent in 1954, 10 percent in 1955, and 15 percent in 1956. This has since been reduced to 10 percent, by House action, in 1955. This proposal, I feel, is not understood by the average citizen.

I now come to the crucial point of the bill. I admit it fooled me for a considerable period of time. I would read in the newspapers about proposals to grant deductions for the first $100 of dividends. Then I would read about a proposal to deduct 5, 10, or 15 percent of the dividends. I thought they were alternatives. When I began my normal study of the proposals and discovered that one was piled on top of the other, and furthermore, that the percentage was to be deducted, not from taxable income, but from the tax itself, I rubbed my eyes in disbelief. My friends said it was impossible. Yes, it would seem impossible but, unfortunately, it was true.

I do not think I should let the statement go at that. Spot announcements should be put on every radio and television station in the Nation, saying "Look at this thing more closely. See what the proponents of the tax bill are doing. They are taking a percentage of income and reducing it from the tax for one privileged group—the stockholder. And six-tenths of 1 percent of the families in this country own 80 percent of the value of all publicly sold stock."

DIVIDEND INCOME TAX WINDFALL COMPARED WITH TAXES ON REGULAR INCOME

Let us see how this proposal would affect taxes paid on dividend income compared with taxes paid on salaries, wages, profits, and all other regular income. The table which I ask consent to insert in the RECORD makes this comparison for a taxpaying man, wife, and two children, for different income levels, on the basis of an ultimate 10 or 15 percent tax credit for dividends.

I ask unanimous consent, Mr. President, to have printed in the RECORD at this point in my remarks a table which is prepared to illustrate my argument.

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

Comparison of the effects of the "dividend exclusion" and "dividend tax credit" provisions of the proposed Internal Revenue Code (H. R. 8300, secs. 34, 116) on the tax liabilities of selected income levels of wage earners and dividend recipients for the year 1956 and subsequent years

MARRIED COUPLE AND 2 DEPENDENTS

Income level [1]	Dividend exclusion	Standard deduction	Personal exemption	Taxable income	Tax before credit	Senate committee bill—10-percent dividend tax credit		Administration proposal—15-percent dividend tax credit [3]	
						Tax credit	Net tax	Tax credit	Net tax
$3,000:									
All earned	0	$300	$2,400	$300	$60	0	$60	0	$60
All dividends	$100	290	2,400	210	42	$21	21	$32	10
$4,000:									
All earned	0	400	2,400	1,200	240	0	240	0	240
All dividends	100	390	2,400	1,110	222	111	111	166	56
$5,000:									
All earned	0	500	2,400	2,100	420	0	420	0	420
All dividends	100	490	2,400	2,010	402	201	201	301	101
$7,500:									
All earned	0	750	2,400	4,350	877	0	877	0	877
All dividends	100	740	2,400	4,260	857	426	431	639	218
$10,000:									
All earned	0	1,000	2,400	6,600	1,372	0	1,372	0	1,372
All dividends	100	990	2,400	6,510	1,352	651	701	976	376
$15,000:									
All earned	0	[2] 1,500	2,400	11,100	2,486	0	2,486	0	2,486
All dividends	100	[2] 1,490	2,400	11,010	2,463	1,101	1,362	1,651	812
$25,000:									
All earned	0	[2] 2,500	2,400	20,100	5,318	0	5,318	0	5,318
All dividends	100	[2] 2,490	2,400	20,010	5,284	2,001	3,283	3,001	2,283
$50,000:									
All earned	0	[2] 5,000	2,400	42,600	15,976	0	15,976	0	15,976
All dividends	100	[2] 4,990	2,400	42,510	15,926	4,251	11,675	6,376	9,549
$100,000:									
All earned	0	[2] 10,000	2,400	87,600	44,724	0	44,724	0	44,724
All dividends	100	[2] 9,990	2,400	87,510	44,662	8,751	35,911	13,126	31,535

[1] All income is assumed to have been received by husband.
[2] Although there is a limitation of $1,000 for a standard deduction, itemized deductions amounting to 10 percent of income (less the dividend exclusion) were assumed.
[3] This provision is not in the revenue revision bill (H. R. 8300). Computations were made on the assumptions of (1) a 15 percent dividend tax credit allowable against the tax liability, and (2) limitation of the amount of the credit to 15 percent of taxable income.

Mr. DOUGLAS. Mr. President, the table can be simplified by merely setting forth the difference in taxes which would be paid on dividend income as contrasted with ordinary income. A family with an income level of $3,000 would pay $39 less in taxes under this 10-percent dividend plan, if it received its income from dividends as compared with a family that does not receive its income from dividends. In other words, it would not be much advantage for the $3,000 man. For a $4,000 man the advantage would be $129; for the $5,000 man it would be $219. For the $7,500 man, it would be $446. For the $10,000 man it would be $671. For the $15,000 man it would be $1,124.

Let me illustrate what I mean. If there are 2 families, each consisting of a man, his wife and 2 children, one receiving their entire income from dividends, and the other receiving their income from wages, salary, business, or a profession, and if my computations are correct, under present conditions the average tax paid by each family is approximately $600, but the $6,000 man who gets his money from dividends will now be credited 10 percent of the $6,000 as an offset against his taxes, and, therefore, he will pay virtually no taxes at all.

TREMENDOUS TAX ADVANTAGES PROPOSED FOR DIVIDEND INCOME

The tremendous advantages accorded to dividend income are obvious. In addition, however, the tax advantages themselves are tremendously regressive. For example, under the 10-percent dividend tax credit, as recommended by the Senate committee, the person receiving $15,000 in dividends makes five times as much in dividend income as does the person receiving $3,000 in dividends. But the tax advantage of the higher income is not five times as great; it is more than 28 times as great.

To put it in another way, the $39 tax advantage accorded to a dividend income of $3,000 represents 1⅓ percent of the income, whereas the $1,124 tax advantage given to a $15,000 dividend income comes to 7½ percent. The high degree of regression is obvious. The higher the income, the greater the percentage of tax savings.

That the proposed dividends tax allowance favors one group over all others is obvious. I doubt that this fact itself will even be disputed. Thus we must analyze whether such a special allowance can be justified.

EFFECT OF DIVIDEND INCOME-TAX CREDIT ON INVESTMENT

Should the Government favor one type of investment over others through

tax policy, and thus possibly encourage stock market speculation? Why should owners of common stocks be favored over the million in modest circumstances who responded to Government appeals to buy United States savings bonds and now find as those bonds mature that their purchasing power is reduced up to 40 percent? Actually, the Consumer Price Index rose from 75 in 1944 to 114 in 1954. If any group of security holders is entitled to relief, surely the purchasers of United States savings bonds qualify through the hidden inflation tax and income tax paid on interest received at maturity.

The facts are that owners of common stocks have fared very well over the past years, and do not appear to be in need of special relief. In 1944, 1 share of each of the 30 stocks in the Dow-Jones industrial group paid in dividends $49.44. By 1949 the total increased to $78.12, and last year, 1953, to $95.45, or almost double. Dividends on the 20 Dow-Jones railroad stocks increased from $30.13 in 1944 to $60.75 last year.

The May issue of The Exchange, published by the New York Stock Exchange, states that first quarter dividends set a new high record in 1954 and marked the 12th consecutive time in which first quarter cash dividends gained over the previous year. Certainly the New York Stock Exchange is not a radical organization.

The Dow-Jones average rose from 150 in 1944 to about 320 in 1954, or by more than 100 percent. This occurred while the purchasing power of the proceeds of the United States savings bonds was being reduced by some 40 percent.

INCREASES IN STOCK VALUES

The University of Michigan has published a booklet entitled "Common Stock Values and Yields," showing that $1,000 invested annually in each of a group of the 92 most-heavily traded stocks would have increased in value over a 14-year period—1937 to 1950—from $14,000 to $32,900, or 12 percent annually, dividends included. Again, it does not appear that the common stockholders have suffered. The University of Michigan report states that over a 55-year period, common stocks have increased in value an average of 3.19 percent annually, exclusive of dividends.

Some 30 years ago there was published an interesting book on the relative returns of common stocks and bonds. During the period from 1873 to 1896, when there was a falling price level bonds appreciated in value a fixed amount in dollars. Each dollar had more purchasing power; therefore, bonds appreciated in value.

Furthermore, since the interest on bonds was a prior claim on earnings, dividends were the low man on the totem pole. Since a great many of those years were depression years—a larger percentage than normal—the income from stocks went down.

During this period, therefore, the idea developed that a man who wanted to play safe should put his money in bonds, and that stocks were highly speculative and risky.

But beginning in 1896, when the price level rose, this meant a decrease in the purchasing power of the capital value of the bonds, and stocks, being residual claimants to earnings, found that their rate of return was rising more rapidly than was the general price level.

So the study by Dr. Smith, as I think his name was, showed that from 1896 to 1922, common stockholders fared much better than did the bondholders. A recent study confirms what I have been saying, that since 1922 the stockholders have continued to do better than have bondholders.

What has been the result? For 55 years stockholders have been the people who have primarily benefited from American industry. This is the group to whom the Treasury now proposes to give the tax benefits. The group which has profited the most is to receive the most addition.

"EARNED" AND "UNEARNED" INCOME

At the moment, I am not even speaking about the distribution of benefits as between so-called "earned" income and "unearned" income. I think that is, in part, a valid distinction; namely, that those who get their income from personal services, whether as industrial workers, farmers, professional men, or businessmen, should perhaps have a lower rate of taxation than those who derive their income from property, and this is particularly so if the property is inherited property.

The British drew such a distinction between earned income and unearned income, and we have in the past drawn from the experience of the British. But at the moment I am not raising that point.

It will be found that the owners of bonds and other types of property producing income have suffered in the past, but there is no relief for them, or little relief for them, in the existing tax bill. The only ones who are invited to come under the mistletoe and take part in the kissing are the stockholders. In other words, I am afraid that the Treasury has taken too literally the injunction of Jesus, which has mystified teachers of ethics for a long time, namely: "For whosoever hath, to him shall be given, and he shall have more abundance: but whosoever hath not, from him shall be taken away even that he hath"—Matthew 13: 12.

This is not the place for a critical examination of what Jesus meant when he uttered that mystifying phrase. It has been used in the most vulgar ways to justify giving to those who do not need, and to take away from those who do need. I do not believe that was the intention of Jesus at all. I think that what he meant by that saying was that those having great talents were expected to exercise those talents; and that more would be expected from them than from those with lesser talents. But this is not the place for a discussion along that line.

STOCKHOLDERS DO NOT NEED SPECIAL TAX ALLOWANCES

In the crudest form, the Treasury is now proposing to give benefits to those who have profited the most, but to deny benefits to investors who have suffered the most. So even as between different groups of recipients of property income, there is injustice.

If it be said that those who work for a living are second-class citizens—and I do not say it—and should not receive tax favors, but that tax favors should be given only to owners of property, then I would suggest that such favors be given to the owners who deserve them the most, namely, the bondholders.

I am debating the possibility, if the amendment offered by the Senator from Georgia [Mr. GEORGE] should be rejected, of moving to strike out this provision, and to substitute, instead, a credit for those who own Government bonds, because they are the ones who have suffered.

A more general knowledge of facts, such as those which I have just quoted, showing the advantages of owning common stocks for good income and the preservation of buying power and capital, should be sufficient to induce increasing public participation in stock ownership. Why is it necessary to give additional tax favors? Why can we not merely popularize the advantages which the stockholders have already received? If that were done, then people would put their money into stocks.

The trouble is that people are still thinking in terms of the years from 1873 to 1896, not in terms of the period from 1896 to 1954. In this, as in so many other matters, the Treasury is about 55 years out of date. Its political and economic ideas go back to 1896, the year when William McKinley was elected President of the United States.

I think the Secretary of the Treasury is a most estimable man, one of the ablest men I have ever seen in action. It is natural that he should have some of the ideas of William McKinley, since he was, I believe, the sometime head of the Hanna Coal Co.; and it was Mark Hanna who was the great political sponsor and mentor of William McKinley. Let me hasten to say that this is in no sense a personal reflection upon the character, integrity, or business ability of Secretary Humphrey, but merely that there is a direct lineal intellectual descent between the Mark Hanna-William McKinley theory and the Humphey-Wilson-Weeks-Dodge theory.

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

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

Mr. LANGER. Is it not true that William McKinley became President and cleaned up the mess left by Grover Cleveland? When everything was in a state of chaos and difficulty as a result of the mess left by the Democrats William McKinley cleaned up the mess.

Mr. DOUGLAS. That was said at the time; but while William McKinley was an estimable man, a brave soldier in the Civil War, a good husband, a most amiable person, one who would not have consciously done any wrong to any person, I would not say he was distinguished in the history of the American

Presidency for the sharpness of his perceptions or for the courage of his actions. I would prefer Grover Cleveland and so has the judgment of history.

On the whole, I thought we had progressed beyond the McKinley stage, until we had these recent proposals.

Many corporations have employee-stock-purchasing plans. Corporations and brokerage houses could do much more to educate the public to the advantages of stock ownership.

But it seems questionable to me whether the Government should single out for special recommendation one form of private investment over the many provided by our economic society. It would certainly not appear necessary to grant what, in effect, would be a subsidy to common stock owners, bearing in mind the steady increase over the years of both income from dividends—from $49.44 in 1944 to $95.45 in 1953—and in the value of stocks—from $150 in 1944 to $320 today.

DIVIDENDS TAX ALLOWANCE EQUIVALENT TO ELIMINATING CORPORATE TAX FOR SOME

Computations made by Seidman & Seidman, certified public accountants with offices in Detroit and in several other cities, show that dividend tax credits can be made the equivalent of a complete elimination of all corporate taxes. Assuming a corporate tax rate of 50 percent and a dividend tax rate of 10 percent, as proposed by the Senate committee, the table I am about to put into the RECORD shows this to be true for the person in the 90 percent tax bracket.

Mr. President, I ask unanimous consent to have the table printed in the RECORD at this point in my remarks.

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

	10-percent dividend tax credit and 50-percent corporate tax rate	No dividend tax credit and no corporate tax
Corporate taxable income	$100	$100
Corporate tax	50	----------
Balance paid in dividends	50	100
Individual tax at 90 percent	45	90
Net after taxes but before dividend tax credit	5	10
Dividend tax credit	5	----------
Net after corporate and individual taxes and dividend tax credit	10	10

Mr. DOUGLAS. Mr. President, were the 15 percent credit to be granted, as proposed by the Treasury, the result for the 90 percent bracket would be even more favorable than the elimination of the entire corporate tax.

Of course, this example deals with a top bracket taxpayer, and therefore illustrates the extreme rather than the average case; but it serves to demonstrate the principle underlying the bill before the Senate.

The table I am about to have printed in the RECORD shows the results of the proposal for taxpayers in various tax brackets. "Taxable income" in this tabulation means the income of a married couple after deductions and exemptions.

Mr. President, I ask unanimous consent to have the table printed in the RECORD at this point in my remarks.

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

Taxable income	Equivalent percentage of corporate tax eliminated as result of individual dividend tax credit of—		
	5 percent	10 percent	15 percent
$5,000	6	13	19
$10,000	7	14	20
$20,000	8	16	24
$30,000	9	19	28
$50,000	12	24	37
$100,000	20	40	60
$200,000	45	91	136
$300,000	50	100	150

EFFECTS OF DIVIDENDS ALLOWANCE ON INVESTMENT

Mr. DOUGLAS. If the proposed dividend tax windfall is unfair, it is still justified by some or argued by some on the ground that it would stimulate sound investment policies. However, as we have seen, giving more money to upper-income groups, in general, will not necessarily cause a higher rate of investment, particularly in the recession phase of the cycle.

Let us turn now to the effects which the dividends tax allowance itself will have on the capital market. Has Federal tax policy actually encouraged debt financing and discouraged equity investment? In his statement before the Senate Finance Committee, defending the dividend tax credit, Secretary Humphrey gave emphasis to the charge that "double taxation" of dividends has encouraged debt financing, since interest payments were deductible for income-tax purposes.

However, income-tax statistics prove otherwise. In 1926, the first year for which corporation balance sheet data are available, bonds and mortgages with a maturity of more than 1 year amounted to 21.1 percent of the capital structure of all corporations. The balance was composed of common stock, preferred stock, surplus, and surplus reserves. I refer to George E. Lent's Bond Interest Deduction and the Federal Corporation Income Tax, published in the National Tax Journal of June 1949. This ratio increased to approximately 26 percent in 1932, where it remained until the outbreak of war. Since then, however, it has declined to 22.7 percent in 1950, or to about the same level as during the 1920's, despite a great increase in the corporation tax rate from about 13 percent to more than 49 percent. In other words, about the same proportion of the actual financing of American corporations is derived from common stock now as compared to 30 years ago, destroying any effect of an increase in taxes in that regard.

I think it should be added, in all fairness, that there has been a slight increase in this ratio, in the case of manufacturing companies, from 8.5 percent in 1926 to 11.2 percent in 1950, but it is still of small proportions. In the case of public utilities, the ratio dropped from 43 percent in 1926 to 41.5 percent in 1950.

If attention is focused on interest payments in relationship to total corporation profits, the picture would, of course, be greatly improved because of the decline in interest rates and the rise in corporation profits.

STATISTICS ON NEW SECURITY FLOTATIONS MISLEADING

Statistics on new corporate security flotations are misleading because they give no account to reinvested earnings, which is the principal source of equity capital. Moreover, they make no distinction between ordinary debt issues and those convertible into corporate stock. Since the end of the war, about $3.5 billion in convertible securities of American Telephone & Telegraph Co. alone were converted into common stock.

It is significant that during the postwar period 1946–53, corporations acquired aggregate funds amounting to $249 billion—as I have stated, virtually $250 billion, or a quarter of a trillion dollars. Of this amount, $81.8 billion, or one-third, was derived from retained profits, and $61.4 billion from depreciation allowances. Sale of corporate stocks amounted to $15.3 billion, or 6.1 percent, while sales of bonds totaled $24.5 billion—presumably including convertible issues—or 9.8 percent. Long-term debt thus provided only about 10 percent of corporation funds during this entire period. This does not appear to be dangerously large.

HIGH LEVEL OF CORPORATE PROFITS—BEFORE AND AFTER TAXES

Moreover, it seems evident that the so-called double taxation of dividends has not stood in the way of industrial expansion. Corporation profits after taxes have actually remained at an extraordinarily high level. The trend since the war is shown by the figures in the table which I now ask unanimous consent to have printed in the RECORD at this point in my remarks.

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

[In billions]

	Profits after tax	Dividends paid
1939	$5.0	$3.8
1946	13.9	5.8
1950	22.7	9.1
1951	20.1	9.2
1952	18.6	9.1
1953 (estimate)	19.0	9.3

Source: Joint Committee on the Economic Report' Historical and Descriptive Supplement to Economic Indicators, 83d Cong., 1st sess., December 1953, p. 45.

Mr. DOUGLAS. Mr. President, this level of corporate profits is reflected in the record stock market prices which just recently surpassed the highest level of 1930.

Mr. President, I ask unanimous consent to have the Securities and Exchange Commission index printed in the RECORD at this point in my remarks.

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

[1939=100]

	Composite	Manufacturing companies
1940	94.2	93.4
1946	149.4	146.6
1949	127.7	132.1
1950	154.1	165.7
1951	184.9	206.8
1952	195.0	220.2
1953	193.3	220.1
1954—January	198.4	228.4
February	203.1	233.9
March	207.1	239.8
April	215.8	252.9
May 7	221.5	260.8

Source: Same as above, p. 13.

Mr. DOUGLAS. Why should corporate stockholders be granted tax relief under these unusually healthy conditions?

If it is desired to feed and nurse the decrepit, why give the nutrient to the husky giant? This is a strange form of feeding indulged in by the eminent nurse, the chairman of the Senate Finance Committee.

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

Mr. DOUGLAS. I yield.

Mr. MILLIKIN. I am not indulging in child feeding. I am listening to the outpourings of an economic child. He should know better than the many, many things he has stated. I deeply respect the distinguished Senator, but I have never heard so much nonsense, at least as it appears to a layman, in so short a period of time. The Senator seems to proceed on the theory that if perhaps a giant is dealt one good sledgehammer blow, he should be given another one for good measure, because he can stand it. The whole evening could be spent on refuting one-fourth of what the Senator from Illinois has stated. The Senator has compiled more ill-informed statistics in about 1 hour's time, which I think he has taken——

Mr. DOUGLAS. Two hours' time.

Mr. MILLIKIN. Than a whole group of people could compile in a much longer time.

Mr. DOUGLAS. Never have I seen such a concentration of economic, social, and moral monstrosities than those which are contained in the bill reported by the eminent chairman of the Finance Committee, and in the report which he has prepared. It is indeed unworthy of his great talents. How have the mighty fallen.

Finally, there is no evidence of a real shortage of equity capital over the entire postwar period. This is established by a Commerce Department survey entitled "Financing Small Business in the Postwar Period," written by L. F. McHugh, and published in the November 1951 issue of the Survey of Current Business. The following preliminary summary conclusions were made:

First, that the majority of small businesses needing outside capital were satisfied with the amount of funds available.

Second, that demand for outside funds by the latter firms was primarily in the form of borrowed capital, rather than equity capital.

In the first place, Mr. President, most small businesses are effectively precluded from sales of stock because of the local nature of the business and the very high cost of raising small amounts of equity funds, and hence they would not benefit from the tax favors provided in this bill.

In the second place, even if equity capital were available to small business, there is considerable reluctance to use such funds, for fear of diluting control or earnings interests in the business. That is set forth on page 19 of the survey.

EFFECTS OF DIVIDEND TAX ALLOWANCE ON BOND MARKET

The Seidman accounting firm has also computed the effects of the dividends-tax credits on bond yields. Under the present law, the tax effect is exactly the same, regardless of whether a taxpayer receives a given amount of fully taxable interest or a given amount of fully taxable dividends. Thus, for instance, a 4 percent stock or a 4 percent bond would yield exactly the same net, after tax. However, this will not be so if the new tax-credit procedure is adopted. In fact, under that proposal, the difference between the two will be marked. In that event, all other factors being the same, an investment in stock would be more attractive than an investment in bonds. As is shown in a table which I have before me, in order to obtain the equivalent of a 4 percent stock yield, a bond then would have to yield anywhere from 4.3 percent to 10 percent, depending upon the year involved and the tax bracket of the individual investor.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a tabulation showing the required yield on a taxable bond, in order to be equal to the after-tax income of a 4 percent preferred stock, with a dividend-tax allowance of from 5 to 15 percent.

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

Taxable income	Required yield on a taxable bond to be equal to the after-tax income of a 4-percent preferred stock with a dividend tax allowance of—		
	5 percent	10 percent	15 percent
	Percent	*Percent*	*Percent*
$5,000	4.26	4.51	4.77
$10,000	4.27	4.54	4.81
$20,000	4.32	4.65	4.97
$30,000	4.38	4.75	5.13
$50,000	4.49	4.98	5.46
$100,000	4.80	5.60	6.40
$200,000	5.82	7.64	9.45
$300,000	6.00	8.00	10.00

Mr. DOUGLAS. Mr. President, the extent to which, as a result of this new tax factor, bond yields might decline if the interest rate were unchanged is, of course, impossible to foretell. However, from a tabulation which I now have before me, it can be seen how far down in yield the indicated income groups can go and still obtain the same net after-tax result they obtain now, without benefit of the new tax credit. I ask unanimous consent to have the tabulation to which I have referred printed at this point in the RECORD, as a part of my remarks.

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

Taxable income	With dividend tax allowance of—		
	5 percent	10 percent	15 percent
	Dividend rate required to obtain the same after-tax yield as can presently be obtained from a 5-percent stock, is:		
	Percent	*Percent*	*Percent*
$5,000	4.70	4.43	4.19
$10,000	4.68	4.40	4.16
$20,000	4.63	4.31	4.03
$30,000	4.57	4.21	3.90
$50,000	4.46	4.02	3.66
$100,000	4.17	3.57	3.13
$200,000	3.44	2.62	2.12
$300,000	3.33	2.50	2.00

Mr. DOUGLAS. Mr. President, the new dividend tax allowance should also have its effect on the tax-exempt bond market. This is for the reason that dividends will be partially tax exempt, and therefore will compete to some extent with fully tax exempt yields.

I have before me a tabulation showing what a 5 percent stock yields after tax at the present time, at the indicated income brackets. The tabulation also shows what a tax-exempt bond would have to yield in order to be equal to a 5 percent stock after taking the 5 percent, 10 percent, and 15 percent dividend tax allowance into consideration. Let me say that, of course, the 15 percent allowance is referred to simply for the purpose of indicating what was the original proposal of the Treasury. I ask unanimous consent to have the tabulation printed at this point in the RECORD, as a part of my remarks.

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

Taxable income	With a dividend tax allowance of—			
	0 percent	5 percent	10 percent	15 percent
	A stock yielding 5 percent is the equivalent of a tax-exempt bond yielding—			
	Percent	*Percent*	*Percent*	*Percent*
$5,000	3.90	4.15	4.40	4.65
$10,000	3.70	3.95	4.20	4.45
$20,000	3.10	3.35	3.60	3.85
$30,000	2.65	2.90	3.15	3.40
$50,000	2.05	2.30	2.55	2.80
$100,000	1.25	1.50	1.75	2.00
$200,000	.55	.80	1.05	1.30
$300,000	.50	.75	1.00	1.25

Mr. DOUGLAS. Thus, Mr. President, it is obvious that enactment of the Treasury's dividends tax credit proposal would ultimately force up by as much as three-fourths of 1 percent the interest rates on State and municipal bonds.

So much, Mr. President, for the effects of the administration's plan for dividends tax credits. I doubt that any of my statements with relation thereto can be disputed, despite the somewhat sweeping statements which have been made by the distinguished junior Senator from Colorado [Mr. MILLIKIN].

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield at this point?

Mr. DOUGLAS. I am glad to yield.

Mr. HUMPHREY. I have just listened to the comment of the Senator from Illinois in regard to municipal and other public bond issues; and the Senator from Illinois has had incorporated in the RECORD a tabulation to indicate the yield of bonds and stocks under the stock dividends credit proposal. In view of the Senator's explanation, would not it therefore be fair to say that the whole field of needed public works—such as schools, hospitals, streets, and roads—would be much more costly under the pending tax proposal, if the theory the Senator from Illinois has outlined were to apply?

Mr. DOUGLAS. That is absolutely true, because, generally speaking, there would have to be equality of yield, as between stocks and bonds, in order to get people to buy bonds. But since the return on stocks would increase under this proposal, therefore, in order to get people to buy bonds, a higher rate of interest would have to be paid on them, since under this proposal bonds would not have the same tax advantage that stocks would have. Therefore, the effect would be to drive up the interest rates on bonds, and that would hit the local governments extremely hard.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield further to me?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. As the Senator from Illinois knows, about a year ago some of us spoke very plainly about what we thought would be the effect, in connection with Government bond issues, of the so-called hard money, tight credit policy. At that time I recall that several Senators placed in the RECORD tables show what was happening in the municipal bond market. I recall inserting in the RECORD a statement I had from my own State of Minnesota, showing that the interest rate on bonds, particularly school bonds, had already started to rise.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. Recently the administration has announced that, through the action of the Federal Reserve Board, there has been a relaxation of the so-called hard money, tight credit policy, and that relaxation has had the effect of giving aid in marketing some bond issues, and particularly in handling the public debt.

Would not the pending proposal have the effect at least of partly counteracting what the administration has now proposed and put into motion, namely, a less rigid credit and interest structure?

Mr. DOUGLAS. It would force up interest rates, and thereby make borrowing more difficult—there can be no doubt about that—and it would increase the charges upon the taxpayers of city, town, county, and State governments.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield further to me?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. I think this point needs to be properly developed and documented, because within the past 10 days an announcement has been made that the high interest rate, tight credit policy, due to action by the Federal Reserve Board and the Treasury Department, has been relaxed; and that relaxation was described as a counter-deflationary movement. In other words, the administration saw the necessity of making more credit available at lower interest rates.

But the proposed policy the Senator from Illinois has now described—namely, the stock dividends credit plan, as related to the money market and bond issues—will have a retarding effect in its reaction upon the newly announced policy of the Treasury Department and the Federal Reserve System. Is not that correct?

Mr. DOUGLAS. The Senator from Minnesota is absolutely correct. What the administration has been trying to do with its left hand, the Treasury now proposes to take away with its right hand.

I would say that the Treasury, in making the fiscal policy for the administration, is giving the Nation's business simultaneous doses of castor oil and bismuth—a method of treatment which certainly is not the best one.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield further to me?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. The recent reports on State and municipal Government expenditures reveal that, for the purposes of public improvement, a decidedly larger sum of money has been expended in the last year and similar increased expenditures are contemplated in the years to come. In other words, a good deal of the public works expenditures will now be made by local and State governments. That is the prediction we have received from State and municipal finance officers.

Therefore, if that be the case, and we shall be looking forward to a period when we build more schools, more public facilities, in the States and localities such as roads, bridges, and other needed public improvements, the effect of this tax bill will be to place a much larger tax burden at the local level, upon the taxpayer, for his local, county, and State tax needs. Is that true?

Mr. DOUGLAS. The Senator from Minnesota is exactly correct. Furthermore, the rise in the interest rate which will be required to float local government bonds will mean that, since the revenues of the local governments are limited, they will not borrow as much as they might otherwise borrow. There will not be the expansion of schools, highways, sewer systems, hospitals, and so forth, that there would otherwise be, and the "recuperative" effect by local governments upon which the administration is apparently relying will be either reduced or eliminated.

THE TAUTOLOGY OF "DOUBLE TAXATION"

But the dividends-tax credit is still justified by the Treasury on the grounds that it is justifiable relief for "double taxation," an appellation applied for appearances rather than aptness. "Double taxation," implying gross inequity, is asserted because corporation profits are taxed at corporate rates, and then stock dividends are paid out of profits after taxes are subject to individual income-tax rates. This, so the argument goes, discriminates against corporations as against individual owners and partnerships which pay only one tax. These arguments are sophisticated but soft. Let us analyze them.

Regulated industries: In the first place, let us take the so-called regulated industries—the railroads, private utilities, and so forth.

Of the $9.3 billion in stock dividends paid out in 1953, $1.74 billion or nearly one-fifth were dividends distributed by regulated industries.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a table bearing out the statistics which I have given.

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

Net corporate dividend payments, by industry

[Millions of dollars]

	1929	1941	1948	1951	1952
Total, all industries	5,823	4,465	7,250	9,208	9,107
Transportation	571	271	312	366	380
Railroads	303	83	198	212	217
Local railways and bus lines	107	5	6	6	10
Highway passenger transportation, n. e. c.	8	18	27	28	26
Highway freight transportation and warehousing	12	13	19	33	36
Water transportation	29	51	34	36	36
Air transportation (common carriers)	0	3	3	13	13
Pipeline transportation	92	78	13	26	30
Services allied to transportation	20	20	12	12	12
Communications and public utilities	634	675	741	1,218	1,361
Telephone, telegraph, and related services	167	174	182	289	340
Radio broadcasting and television	4	14	11	19	23
Utilities: Electric and gas	449	472	539	895	984
Local utilities and public services, n. e. c.	14	15	9	15	14
Total transportation, communications, and public utilities	1,205	946	1,053	1,584	1,741
As a percentage of all total industries	20.7	21.2	14.5	17.2	19.1

Source: Data for the years 1929, 1941, and 1948 taken from National Income Supplement, 1951 edition, to the Survey of Current Business, U. S. Department of Commerce. Data for the years 1951 and 1952 taken from the Survey of Current Business, July 1953, U. S. Department of Commerce, National Income Number.

Mr. DOUGLAS. With respect to the dividends paid out by these industries, the Supreme Court has clearly stated in the Galveston case (*Galveston Electric Co.* v. *Galveston* (258 U. S. 388, 66 L. Ed. 678, 42 S. Ct. 351, PUR 1922D 159 1922)) that, in setting rates or prices charged, the regulating agency must take taxes into account as a legitimate business cost. Public utilities, for example, are allowed to recover all income taxes paid as an element of cost. Thus, with taxes treated as costs and, in effect, profit margins established after—not before—taxes, we cannot, under any stretch of the imagination, conceive of the stockholder being subjected to double taxation.

Right from the start, then, one-fifth of corporate stock dividends most certainly are not subject to double taxation.

Preferred stock: A dividend tax credit on preferred dividends is also wholly unwarranted on double taxation grounds. This is because whatever the theory of the incidence of the corporation tax—no such tax rests on preferred stock dividends except in very unusual circumstances. Assuming corporation profits of $1 million and preferred dividends of $200,000, it is apparent that the incidence of the corporation tax—to the extent that it rests on the corporation or its shareholders—is borne by the common stockholders. This is because the Federal tax of $500,000 leaves $500,000 available for both preferred and common; since preferred stockholders have priority of $200,000, leaving $300,000, the entire $500,000 tax may be assumed to be borne by the common stockholders. This is not true, of course, if preferred dividends are not earned, after payment of the corporate tax. In Canada the dividend-received credit was at first denied preferred stockholders, but under pressure, was finally granted.

Since preferred stock dividends cannot be assumed under any but the most extraordinary circumstances to be subject to double taxation, this means that another large chunk of all dividends does not qualify for special treatment.

If it be answered that the incidence of the corporation income tax is on the shareholders or common stock in other industries, it may also be argued that probably most shareholders would not be subject to double tax. A tax that is not shifted tends to be capitalized in a lower price per share of stock. Thus the tax is capitalized or discounted by new stock purchasers. The real incidence of the tax, if one is paid, is borne by those who owned the stock during an increase in taxes, and then sold out—not most present-day stockholders. The tax credit is thus a bounty to shareholders who discounted the corporation tax when they bought the stock.

It is also true to say that shareholders in small business generally are not confronted with double taxation of dividends. This is because earnings are typically distributed through salaries and bonuses rather than dividends. Shareholders—largely family groups—plow back earnings in the expectation of paying a capital gains tax on sale of the appreciated property values. In general, then, the dividend tax credit cannot legitimately be regarded as a tax benefit to small business.

The fallacy of the claim of double taxation. But, leaving aside dividends of the regulated industries, those paid on preferred stock, and the like, let us get to the heart of the argument about double taxation itself.

First. In the first place, the idea of double taxation is based on the premise that the corporation itself, and hence its stockholders, are the ones who actually pay the corporate tax, a highly speculative supposition.

There has never been any definitive proof, one way or another, about the precise incidence of corporate taxes. Who pays them, the stockholders or the consumers? Actually, this would probably vary from industry to industry and within industries as well. But one thing is certain: The assumption that the stockholder is the one who pays the corporate taxes is just not true. He may share in it in varying degrees, but he does not pay all of it.

The fact that the stockholder does not pay all the corporate income tax is borne out in a report of a committee of the National Tax Association:

> The view that the incidence, or final burden, of the corporate income tax falls on the stockholders is widely held and is claimed to be in accord with the dictates of commonsense. But many businessmen and a considerable number of theorists disagree, holding that the tax is shifted, at least in part, and that a reduction in the tax would mean a fall in prices. A few go so far as to call the levy a sales tax in disguise. Others hold that wages are also affected by the tax. (Proceedings of the National Tax Association, 1949, p. 446.)

Again, the point that the stockholder does not pay all the corporate tax is borne out by the testimony of Mr. George Romney, vice president of Nash-Kelvinator, testifying on behalf of the taxation committee of the Automobile Manufacturers' Association before the House Ways and Means Committee in 1950. He estimated that $101.50 of the $2,000 retail price of an automobile consisted of "income and other taxes paid by the automobile manufacturer, excluding excise taxes"—1950 House revenue revision hearings, pages 1543–1547.

Students of taxation differ as to who pays how much of the corporation tax. We have previously pointed out R. A. Musgrave's standard assumption that one-third of it was shifted forward to consumers, one-eighth back to the wage earner and the rest to the stockholder—National Tax Journal, March 1951, page 16—and also the assumption of one of Musgrave's severest critics, Rufus S. Tucker, economist for the General Motors Corp., who estimated the division at half to consumers and half to stockholders—National Tax Journal, September 1951, page 277.

As a matter of fact, Mr. Enders M. Voorhees, formerly chairman of the finance committee of the United States Steel Corp., has asserted that the public pays all corporate taxes, leaving nothing for the stockholder to pay. He has stated:

> Corporate taxes are simply costs. The method of their assessment does not change this fact. Costs must be paid by the public in prices, and corporate taxes are thus in effect concealed sales taxes. (Reported in New York Times, October 10, 1943.)

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

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. Is it not true that a number of articles have been written, and a great deal of testimony has been adduced before the Senate Finance Committee and the House Ways and Means Committee, on the subject of the corporate tax, to the effect that by increasing the corporate tax, all we did was to increase the burden on the consumer? I have heard that argument again and again.

Mr. DOUGLAS. That was in the days when the question came up as to the level of corporate taxes.

Mr. HUMPHREY. That is correct.

Mr. DOUGLAS. Then we found the officials of the corporations saying, "Do not increase taxes on us, because it will hurt the poor consumer."

Mr. HUMPHREY. That is correct.

Mr. DOUGLAS. In fact, I believe I once heard the eminent present chairman of the Senate Finance Committee say on the floor of this body in 1950, and again in 1951, that the excess profits tax and corporate taxes did not really, in all cases, fall on the stockholder, but were primarily passed on to consumers. I wonder if, in the interest of consistency, he will today maintain the same position he maintained at that time. I see his eyes sparkle in anticipation, because it is true that in the controversy we had at that time I maintained a position opposite to that of the Senator from Colorado. However, I was speaking not about the long-run shifting of taxation, but about the short-run shifting of taxation.

Mr. MILLIKIN. Did the Senator win or lose?

Mr. DOUGLAS. Mr. President, the Senator from Colorado inquires whether I won or lost. That is unworthy of the Senator from Colorado, because he should know that the important issue is who is right, not who wins. The Senator from Colorado is placing his trust in the battalions of the present, rather than in the equities of the future.

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

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. Does not the argument of double taxation upon stock dividends, therefore, come down more or less to a playing of both sides of the street, or looking at both sides of the coin; namely, whenever the advocates of relief for stock dividends come before Congress, they say, "Look, first of all we are taxed at the corporate level, and then we are taxed at the stock-dividend level," but when the proponents of a reduction of corporate taxes come before the Senate and House committees, they say, "If you increase those taxes all you do is bear down upon the widows and orphans and working men and the poor husbands and wives"?

Mr. DOUGLAS. The Senator is correct. Different arguments are used at different times. In 1950 and 1951, when the liberal and progressive bloc in the

Senate was trying to meet the cost of the Korean war by higher corporate taxes and excess-profits taxes, we were told, "Don't do that, because it will hurt the consumer, because the tax is passed on."

Now it is stated that if we give them this tax relief as individual stockholders, it will not hurt anyone.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield further?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. The Senator recalls that during the days when we had price control and wage stabilization—and that was during the time we had a very heated debate over the effective date of the corporation tax in the 1951 tax bill, namely, whether that date should be January 1, or April 1—the argument ran to the effect that because the Treasury at that time had announced that there would be an increase in taxes on corporations, many corporations went before the Office of Price Stabilization and suggested they get a little increase in prices, because of that planned increase. They got their increase in price, and then they did not have to pay taxes for 3 months.

I believe the point has been made that either the tax is passed on to a consumer or it is not. As I understand the Senator from Illinois, his statement is that in most instances—and this point cannot be generalized—in most instances where a corporation has capital of common stock the tax is shared. Is that correct?

Mr. DOUGLAS. That is correct in the long run.

Mr. HUMPHREY. In the long run; yes.

Mr. DOUGLAS. Not necessarily in the individual year. If the tax were to decrease, the long run return on stocks, then investments would flow into other channels, and the rate of return on stocks would have to be raised; generally, though, an equilibrium is maintained. Therefore in the long run a good part of the taxes are shifted. Therefore relief is not needed. I can show with figures that such relief is not needed, because of the earnings; namely, that over an 8-year period the average return before taxes on corporate securities amounted to about 22 percent, and after taxes to 11 percent, which is a perfectly good rate of return.

That is roughly split 50–50, half in cash dividends and half in reinvestment and physical appreciation of the properties. In spite of this high level of taxes, American corporations did extremely well with a high average rate of return of 11 percent.

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

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. Despite the high level of taxes to which the Senator has referred, the amount of money which was available for investment in corporations did not seem to be appreciably diminished.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. Not long ago I saw a study made by Dr. Alvin Hansen, of Harvard University, in which he compared the investment of money in common stocks during the 1920's with the money invested in common stocks during the late forties and early fifties, and they were very much the same.

Mr. DOUGLAS. The Senator from Minnesota is undoubtedly correct. Earlier in my remarks I pointed out that during the past 8 years we had had a high volume of investment, namely $249 billion, almost a quarter of a trillion dollars, and that the rates of return had been higher, and that the proportion of the capital represented by common stock equities were approximately the same in 1952 as in 1922. I pointed out further that there was no indication that investment in common stocks had been discouraged by the tax on corporate profits, either in volume or in proportion.

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

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. Is it not true, then, that the basic argument in favor of a stock dividend credit, namely, that it will afford additional incentive for individual investment in corporate development, is not supported by the economic statistical evidence which we have available for the past 30 years?

Mr. DOUGLAS. I have found no evidence to support such a contention.

Mr. HUMPHREY. Is it not true that there was testimony given by eminent economists before the Joint Committee on the Economic Report, of which the distinguished Senator from Illinois is a member, to underscore what the Senator has already pointed out, namely, that the proportion of income invested in common stocks in the years of lower taxation upon corporations, was very much similar to the proportion of the income invested in common stocks in years of high corporate taxation?

Mr. DOUGLAS. That is true.

Mr. HUMPHREY. Is it not also true, may I ask the Senator from Illinois, that the thesis of the administration and its financial spokesmen, of the incentive to investment by the tax proposal known as the stock dividend credit, loses much validity if the documenttaion which the Senator from Illinois has placed in the RECORD is verified?

Mr. DOUGLAS. I agree with the Senator from Minnesota. However, I should prefer to say that it is the Treasury, rather than the administration. I prefer to think that it comes from the building at the corner of 15th Street and Pennsylvania Avenue, rather than the building at 16th Street and Pennsylvania Avenue.

I have quoted Mr. Vorhees, formerly chairman of the finance committee of the United States Steel Corporation, when he asserted that the public pays all corporate taxes, leaving nothing for the stockholder to pay.

More recently, the Wall Street Journal, which has sometimes been called "The Voice of Business," substantiated in decisive language the statement that corporations pass on the taxes which are levied against them. The Wall Street Journal stated:

> A tax which successfully conceals its true impact is the corporation income levy. All who have given this impost any real thought know that neither the corporation nor its stockholders pays it. It is a cost, just like wages and raw materials, and thus it is a component of the prices that businesses charge for the goods they make or the services they render. It is indeed, in point of fact, a sales tax in all but name.

That quotation will be found in the Wall Street Journal of May 24, 1954, on page 1. The Wall Street Journal repeated its assertion in an editorial of June 3, 1954.

Let me say that I have never gone so far as to say that all corporate taxes are passed on, but certainly a part of the corporate income tax is passed on to consumers in the form of higher prices. But here we have two great voices of business, the United States Steel Corporation and the Wall Street Journal, saying that they are passed on. In the case of the Wall Street Journal, there is sincerity, because it wrote this article at the time the question of dividend credit was up. Mr. Voorhees made his argument at the time the corporate tax was up, and therefore it was to his advantage to argue that the corporate tax was passed on and that we were hitting the consumer. The Wall Street Journal was intellectually honest about it, although I suppose its interests and predilections are in favor of stockholders, but it did not resort to the common argument of the times, namely, that the taxation of corporations amounts to double taxation. It did not accept that argument, so I would commend the Wall Street Journal in that respect.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield?

The PRESIDING OFFICER (Mr. WELKER in the chair). Does the Senator from Illinois yield to the Senator from Minnesota?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. Is it not true that during the past 10 years the stockholder or the investor in common stocks has enjoyed a rising market?

Mr. DOUGLAS. Yes.

Mr. HUMPHREY. And in the matter of liquidating his interest in common stock he has enjoyed very favorable tax treatment under the capital gains tax structure.

Mr. DOUGLAS. That is exactly true, because the rate of taxation on capital gains does not exceed 25 percent. That is the maximum.

Mr. HUMPHREY. I should also like to ask the Senator if it is a fact that the majority of stocks are owned by a minority of stockholders?

Mr. DOUGLAS. Oh, yes.

Mr. HUMPHREY. And with the favorable capital gains tax in a very definitely rising market, the stock owner, speaking in terms of the main stock owners, has enjoyed much more favorable tax treatment than have many people who have paid the unearned income tax rate?

Mr. DOUGLAS. That is true. I introduced earlier a study which showed that 80 percent of dividends received from corporations went in the main to less than 1 percent of the families, and to the degree that this group owns 80 percent of the publicly held stock, it obtained an increase in equity from the sale of the stock, and, therefore, had to

pay only a capital gains tax rather than an individual income tax.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield further?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. As we go into the structure of corporate taxation and particularly capital gains treatment, I will ask the Senator this question: Is it not possible, under what we call distributed dividends and undistributed dividends, those which may be plowed back into the capital structure, for the stockowner to be the beneficiary of such legal niceties and technicalities as the corporate spinoff and the corporate splitoff which give favorable capital gains tax treatment to a few who are the owners of large blocks of stock?

Mr. DOUGLAS. The Senator from Minnesota is certainly correct. Earlier in the afternoon I spoke of the fact that because of the loopholes in the tax structure the actual rates of taxation paid by the recipients of dividends were much less than were applicable to personal income tax rates and the capital gains tax in many cases reduces the effective rate of taxation. These elaborate devices of splitoffs and spinoffs and a whole series of other such contrivances mean that the actual rate of taxation is appreciably less than the total rate. Therefore, the actual progression in the Federal income tax structure is much less than is commonly assumed.

Mr. HUMPHREY. I wish to thank the Senator for that statement, because I sincerely believe it is a very important part of the RECORD when we talk about tax treatment.

Mr. DOUGLAS. One wonders how effective the reading of the RECORD is in the future determination of public policy. One wonders at times whether he is not shouting in the face of the wind. Yet one has knowledge that, even though there may be only a few Senators on the floor, the RECORD will be permanent, and the hope can be indulged that future generations will be able to correct some of the errors in thinking which crystalize in legislation.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that, without the Senator from Illinois losing the floor, I may make a 2-minute statement with regard to what the Senator has said.

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

Mr. HUMPHREY. Mr. President, I wish to say to the Senator from Illinois and to our colleagues that the subject matter which he is now debating is, to me, of paramount public importance. The Senator referred to whether anyone would read the RECORD. We always assume that the RECORD is carefully studied. We assume, and, I hope, rightly so, that every Member of this body will, with meticulous steadfastness to his duty and obligation, study this important RECORD on tax and fiscal policy, because tax policy relates, of course, basically to fiscal policy, not only for the Government but for the whole economy.

We are not dealing with something which is simply a tax-revision measure, but with something which affects the vitality of the economy as well as its direction.

I rose only to state to the Senator from Illinois, under the permission of the Senate, that the decision we make regarding this bill may very well determine the future economic development of this country for a generation or more to come. I think the Senator has performed a valuable service in pointing out that the tax laws of this Republic are not quite so simple as they appear in the newspaper articles and in the abbreviated headline stories; but that when we go into the technicalities of tax laws, the application of the capital gains tax, the corporate spinoff and splitoff, the gift and the inheritance tax structure, and the many facets of the complicated intricacies of the tax laws, we are dealing with the mechanism of the whole economic system. If the measure before us prevails as it is now written, the direction of American economic enterprise will not be one toward small business success, toward individual ownership. I say to the Senator from Illinois that we are not debating only as to whether the Treasury will have a balance, whether there will be a balanced or an unbalanced budget, but we are debating the nature of our fiscal policy as directed by tax law.

I commend the Senator from Illinois for his keen discernment and fine judgment and for bringing to the Senate economic data which could come only from one who is versed in tax law. I say to the Senator from Illinois that as he is discussing the pending tax-revision bill he is bringing to light a basic redirection of fiscal and tax policy in this Nation and the potential redirection of the entire redevolpment of the American economic structure. Therefore, there is no measure of greater importance than is this measure.

Mr. DOUGLAS. Mr. President, I wish to thank the Senator from Minnesota for his comment.

DOUBLE TAXATION NOT UNUSUAL

I should like to say that there is nothing unusual or necessarily inequitable about double taxation. We know it in many forms today. There are many items which are subject to Federal, State, and local excises. Not only are they subject to multiple taxes, but if the seller makes a profit on the sale he also pays an income tax on the profit. We have only to think of the State and Federal taxes on gasoline, and, in some cases, local taxes on gasoline.

Let us consider not only double but multiple taxation of consumers on one item, an automobile.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table prepared by Mr. George Romney.

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

Tax components of a $2,000 car delivered in Detroit

1. Estimated taxes accrued on materials, parts, and their transportation prior to receipt by motor vehicle manufacturer	$99.00
2. Estimated income and other taxes paid by automobile manufacturer, exclusive of Federal excise tax	101.50

Tax components of a $2,000 car delivered in Detroit—Continued

3. Federal excise taxes:	
(a) Vehicle alone	$83.90
(b) Tires and tubes	7.20
(c) Radio	6.00
(d) Heater	4.00
4. Federal and State excise or sales tax on 5 gallons of gas and 6 quarts of oil (State taxes deductible)	.40
5. Michigan sales tax (deductible)	58.25
6. Dealers property, income and other taxes	102.00
7. License plates and title on car (deductible)	13.50
Total	475.75
Deductible from income tax (State sales tax and license plates)	72.45
Net taxes, not deductible for purchaser	403.30

Source: House Revenue Revision Hearings of 1950, vol. 1, pp. 1543–47.

Mr. DOUGLAS. Mr. President, Mr. Romney shows that, in his judgment, for a $2,000 automobile, delivered in Detroit, the net taxes amounted to $403.60. What is true of automobiles is true, in varying degrees, of virtually every consumer item. Those who are wringing their hands over the plight of the poor downtrodden stockholder because of "double taxation" imposed on him might ponder this. Since practically all taxes must eventually be paid out of income, all forms of taxes involve multiple taxation to a greater or a lesser degree. No good reason appears why double taxation with respect to dividends should be singled out for special treatment and relief.

CORPORATE-PROFIT RATE INDICATES TAXES SHIFTED

Let us consider one final point with respect to double taxation and the incidence of corporate taxes. We should study corporate profits to see if there are indications that these taxes are being passed on.

All manufacturing companies in the United States earned a net profit of $11.3 billion last year. This is according to figures released jointly by the Securities and Exchange Commission and the Federal Trade Commission on May 8, 1954.

These profits are after taxes, after depreciation, and all other charges. They were equivalent to 10.4 percent on stockholders' equity.

These figures are for all industry, for the efficiently managed and also those with less able management, for thriving industries, as well as those which were experiencing some setback last year, for small companies as well as the large.

Before taxes, the return of $24.4 billion on net worth would have been 22.5 percent. Clearly, for an average return this would have been exorbitant. Thus, had there been no corporate taxes at all, and thus no double taxation, average profit margins would have been completely out of line. The 10.4 average profit of stockholders' equity is a good rate in itself. Indications are that the rate of 22.5 percent before taxes shows that large portions of the corporate tax

were passed on to consumers. If, by some fluke, this is not the case, there is still ample evidence that corporate taxes are not unduly burdensome on stockholders, who are doing very well, indeed, thank you.

Corporation profits after taxes and stock values have certainly not suffered in recent years. On the contrary, corporate profits after taxes have doubled, tripled, and in some years, quadrupled since 1939. Stock values have also doubled in that time. Corporations and their stockholders have done well and need no special treatment.

A better case could, in fact, be made for special treatment of income from E bonds, the money value of which has remained static in the face of a rising price level and where consequently there has been a fall in real values. The Government itself asked people to buy these bonds as a patriotic duty. Millions of Americans responded. Are they to be punished for their patriotism while those who bought private stocks for more speculative purposes are to be rewarded?

A SOUND-TAX PROGRAM—INCREASE IN PERSONAL EXEMPTIONS

I regret that, up to now, my arguments have been rather negative. Yet, I feel that it is vitally necessary to assess the main features of the administration's tax program with a careful analysis of its effects to see if it will be both fair and effective. We have seen, I think, that it will be neither.

Now I hope to show that a fair and effective tax program would increase personal income-tax exemptions rather than grant the proposed special windfall to stockholders.

An increase in personal exemptions would benefit every single person who pays an income tax—39 million individuals and families. The benefit would be in proportion to the number of persons whom the taxpayer must support.

INCREASING EXEMPTIONS MORE EFFECTIVE

The primary problem of the economy now is an inability of consumers to buy the potential output of industry at current prices—not lack of investment capital. Vast amounts of our present productive capacity already lie idle. What is needed is more consumption of goods which will bring in its wake increased sales, and hence lower inventories, higher production and more jobs. This can only be done by providing greater monetary purchasing power among the mass of American families. This would be done by increasing personal exemptions.

It is for the dual purpose of providing equitable tax relief and to stimulate consumption that we have an increase in personal income-tax exemptions in place of the unjust and ineffective relief proposed by the Treasury for the discriminatory favored treatment of dividend income.

Let us see how an increase of $200 in personal exemptions would stimulate consumption.

First. In the first place, increased purchasing power would be released immediately. At the present time, the withholding tax rate on salaries and wages takes personal exemptions into account. The total amount of an earner's personal exemptions is prorated over the number of his pay periods in and deducted from his taxable income. Thus, if personal exemptions are increased, the amount of earner's income subject to the withholding tax would be decreased, which would reduce the amount of his withholding tax. With a smaller amount of his income withheld, he would get a net increase, effective immediately, in take-home pay.

Second. The increase in purchasing power would be substantial. Let us consider a family of 4—huband, wife, and 2 children. Increasing personal income-tax exemptions by $200 would give total extra personal exemptions of $800. At the lowest tax rate of 20 percent, this would mean, for a family, tax savings of $160 a year, about $3 a week, or an increase in take-home income of 8 cents an hour, sufficient to buy a major appliance or any one of several dozens of goods and services on the market.

Third. The initial effect of a $200 increase in personal exemptions would be to pour an additional $4.3 billion of purchasing power into the economy. But the net effect will be much greater even than this, for the increased spending will go into higher profits for business, higher tax revenues to the Government and to many of the currently unemployed wage earners. Prof. Alvin Hansen estimates that a boost in disposable income of $4.5 billion may raise aggregate income by perhaps double that amount when secondary or induced effects are taken into account—Hansen statement before Senate Finance Committee, page 15.

When we consider the fact that many workers are displaced each year by technological progress and on top of this, we have a net increase of about 700,000 new workers entering the labor market each year, it becomes obvious that the economy not only must not decline, but that even if it is maintained at current levels, we would be adding large numbers to the ranks of the unemployed each year.

Thus, if we are to keep down unemployment we must not only prevent declines but must actually increase the national product, and the best way to keep production and hence employment up is to stimulate consumption. We can do this immediately by increasing personal income tax exemptions by $200.

If this saving were potentially impracticable, certainly an increase of $100 in the personal exemptions would be better than nothing.

INCREASING EXEMPTIONS MORE FAIR

One of the primary arguments aimed against our proposal to increased personal exemptions is that it would take people off the income-tax rolls. The argument is based on the false premise that this perverts the purpose of the income tax. That purpose is to provide a tax system based on ability to pay, not to see how many persons we can get on the income tax rolls.

With rates based on ability to pay, account has always been taken of the costs of personal essentials, and these made deductible. In 1939, for example, the personal exemptions were:

Single person	$1,000
Married person	2,500
Allowed for each additional dependent	400

The statistical figures on this were shown in the table introduced by the distinguished senior Senator from Georgia [Mr. GEORGE] some months ago, when he originally proposed an increase in income tax exemptions.

As the need for revenue and the fight against inflation increased, these exemptions were reduced. This was proper, since lowering exemptions is an effective way to fight inflation by drying up purchasing power. No one pretended that the $500 exemptions effected in 1944 were sufficient to pay for the essentials of life, but it was necessary to the war effort. No one maintains today that $600 is enough to pay for the barest personal necessities. But today inflation is not the danger we face. Instead it is recession. Thus, the anti-inflationary effects of low personal exemptions not only are unnecessary; they are a deterrent to a return to the prosperity which we all desire.

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

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. As I understand, the Senator from Illinois mentioned that one of the arguments against an increase in the amount of the personal exemption allowance, such as from $600 to $800, or from $600 to $700, was that it would remove a large number of persons from the tax rolls.

Mr. DOUGLAS. I did not make that argument; I said that was the argument made against the plan by others.

Mr. HUMPHREY. Would not the Senator from Illinois agree with me that when more than 3 million persons are unemployed, when there is a drop in farm income, and when there is a decline in the income of all individuals, this condition likewise has a tendency to remove persons from the tax rolls, so to speak?

Mr. DOUGLAS. It does.

Mr. HUMPHREY. People would be happy to pay taxes if they had sufficient income with which to pay them.

Mr. DOUGLAS. The remark of the Senator from Minnesota is, as usual, extremely cogent.

WHAT PERSONAL EXEMPTION LEVELS SHOULD BE

Let us consider what our personal exemptions would be today if they were based on the 1939 real level, but at 1953 prices. Were this situation to prevail, an individual's exemption would be nearly $2,000, compared with $600 today; a married couple's exemption $4,800, compared with $1,200 today; and a married couple with 2 children would have exemptions totaling $6,350, compared with $2,400 today.

To put it another way, today's $600 exemption is worth only $347 at 1939 prices.

Mr. President, I ask unanimous consent to have the table printed in the RECORD as a part of my remarks.

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

Personal exemptions and credit for dependents, 1939–54

	1939	1940	1941	1942	1943	1944–45	1946–47	1948 to date
Consumer price index:								
1947–49=100	59.4	59.9	62.9	69.7	74.0	75.2	83.4	102.8
1939=100	100.0	100.8	105.9	117.3	124.6	126.6	140.4	173.1
1953=100	51.9	52.4	55.0	60.9	64.7	65.7	72.9	89.9
Single person:								
Actual dollars	1,000	800	750	500	500	500	500	600
1939 dollars	1,000	794	708	426	401	395	356	347
1953 dollars	1,927	1,528	1,364	821	773	761	686	667
Married person:								
Actual dollars	2,500	2,000	1,500	1,200	1,200	1,000	1,000	1,200
1939 dollars	2,500	1,984	1,416	1,023	963	790	712	693
1953 dollars	4,817	3,817	2,727	1,971	1,855	1,522	1,372	1,335
Dependent:								
Actual dollars	400	400	400	350	350	500	500	600
1939 dollars	400	397	378	298	281	395	356	347
1953 dollars	771	763	727	575	541	761	686	667

Personal exemptions and credit for dependents in 1939 dollars and in 1953 dollars computed by using consumer price index shown.

Sources: Actual personal exemptions: CONGRESSIONAL RECORD, p. 3311. Consumer Price Index: Economic Indicators, Historical and Descriptive Supplement, p. 7; and Economic Indicators, March 1954, p. 3.

Mr. DOUGLAS. Mr. President, I do not say that our huge defense requirements will permit us to return to a level of personal exemptions equivalent to those in effect in 1939. But it is obvious that an increase of $200 is a modest proposal indeed, and it is certainly more justified than the Treasury's proposals for huge tax concessions to the wealthy.

The argument against our proposal that it will take people off the tax rolls, takes advantage of widespread misunderstanding. It is true that increasing exemptions would cause some families in the low and moderate income groups to no longer pay income taxes. However, aside from the fact that the purpose of the income tax is to collect revenues on the basis of ability to pay, the argument ignores the extent to which such people will still continue to bear a heavy burden of taxation.

I have already discussed the relative tax burdens of various income groups, and shall not repeat the data here. Suffice it to say that no one escapes taxation, and that taking persons off the Federal income tax roles certainly does not excuse them from paying taxes, in view of Federal and State sales taxes, and in view of local and real personal property taxes.

INCREASED PERSONAL EXEMPTION: MORE FAVORABLE TO 96 PERCENT OF STOCKHOLDERS THAN PROPOSED TAX RELIEF FOR DIVIDENDS

I have previously described how the administration's proposed dividends tax allowances would discriminate against the average taxpayer. Moreover, I have shown how the proposal is unfair, even among stockholders, since it would give proportionately greater tax relief to wealthy stockholders compared with those with moderate dividend incomes.

Now let us see how stockholders themselves would fare under the dividends tax relief proposals compared with a $200 increase in personal exemptions.

The following table, which I shall ask unanimous consent to have printed in the RECORD, shows for different classes of income, taxpayers, the income breakpoints—that is, the income level at which tax savings from the dividends tax allowance would be equal to tax savings from an increase of $200 in personal exemptions. For those who pay income taxes, total dividend income which is less than the breakpoint would be subject to greater tax relief by the increase in exemptions. Those with incomes above the breakpoint would fare better under the dividends tax allowance.

Mr. President, I ask unanimous consent to have the table printed at this point in my remarks.

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

Income levels at which various size families pay the same amount of income taxes on income received from salaries and wages and from dividends under different assumptions relative to H. R. 8300

Family size	Exemptions	Source of income	Levels of income at which tax liabilities are the same under different assumptions	
			Senate committee bill, 10-percent dividend credit	Administration proposal, 15-percent dividend credit
Single person	$800	Salaries and wages	$1,011	$930
	600	Dividends		
Married couple, no dependents	1,600	Salaries and wages	2,122	1,893
	1,200	Dividends		
Married couple, 2 dependents	3,200	Salaries and wages	4,344	3,819
	2,400	Dividends		
Married couple, 4 dependents	4,800	Salaries and wages	6,567	5,744
	3,600	Dividends		

NOTE.—The computations with respect to dividends were made on the basis of full operation of secs. 34 and 116 of H. R. 8300 in the year 1956. The personal exemption in the bill continues at $600, but $800 is assumed for purposes of part of this table. The 15-percent dividend credit is not in the bill but also is assumed for part of this table.

Mr. DOUGLAS. Mr. President, as we can see from the table, a family consisting of a man, wife and two children would have to have a dividend income in excess of $4,344 to get a better break from the dividends tax allowance as proposed by the administration than from the increase in personal exemptions.

Now let us see what this means. How much stock must a family own in order to get a dividend income of $4,344? First, let us see what stock dividends, as a percentage of the market price of the stocks, has been. Moody's dividend yield on 200 selected common stocks since 1935 are stated in a table, which I ask unanimous consent to have printed in the RECORD at this point in my remarks.

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

Year:	Percent return
1935	4.06
1936	3.50
1937	4.77
1938	4.38
1939	4.15
1940	5.31
1941	6.25
1942	6.60
1943	4.89
1944	4.81
1945	4.19
1946	3.97
1947	5.13
1948	5.78
1949	6.63
1950	6.27
1951	6.12
1952	5.50
March 1954 [1]	5.14

[1] Survey of Current Business, May 1954, p. S-20.

Source: Department of Commerce, Business Statistics, 1953 edition, Supplement to Survey of Current Business, p. 101, except as noted.

Mr. DOUGLAS. Mr. President, in general, dividend returns have been between 5 and 6 percent, which is also borne out by Federal Reserve Board figures on industrial stocks. Thus, on the average, to get a dividend income in excess of $4,344, one would have to own stock worth between $72,000 and $87,000.

Now, we will remember that of all the families who own stock, 92 percent own stock worth less than $25,000. Only 8 percent of all stock-owning families—440,000 families—own stock worth more than that. The percentage of those owning stock worth between $72,000 and $87,000 is not available. But it seems safe to assume that not more than half of those owning stock worth more than $25,000 have holdings amounting to as much as $72,000 to $87,000.

So it happens that only about 4 percent of the stockholders of this country would benefit more by the dividends tax allowance than by a $200 increase in personal exemptions, or less than one-half of 1 percent of all the families in the country. This is worse than a proposal to help the upper 1 percent. It is a proposal to help the upper one-half of 1 percent.

My figures assume a taxpaying family of a man, wife, and two children. Nevertheless, a taxpayer would have to own a tremendous amount of stock to get a better break taxwise under the committee bill than from an increase of $200

in personal exemptions. Thus, it is certainly safe to assume that 9 out of 10 stockholders would fare better by increasing exemptions than by giving the proposed dividends-tax allowance.

Permit me to nail this point down. In general, I have argued that it is better to give tax relief to all families by increasing exemptions than to give it only to stockholders in the form of dividends-tax allowances.

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

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

Mr. LONG. I was interested in the figures the Senator used concerning the percentage of stock which is owned by a relatively few number of people. The Senator will find that the Secretary of the Treasury, Mr. Humphrey, will dispute those figures. I myself produced them in the course of the hearings. He, however, maintained that stock ownership was more widely distributed. Later I was able to get the Secretary of the Treasury's figures. They did not come directly from him, but indirectly, through Wall Street circles. Upon analysis of the Treasury's own figures, I found they indicate that 1 percent of the people own 75 percent of all corporation stocks. The figure is somewhat at variance with the figure given by the Senator from Illinois, but there is not too great a variance.

Mr. DOUGLAS. The statement of the Senator from Louisiana is correct. The statistics of income published by the Treasury Department itself show that the major proportion of stock dividends is received by a very small segment of the population.

Mr. LONG. I believe the Senator will also find, will he not, that only about 10 percent of the population owns any corporate stocks? That is a figure which the Treasury Department itself does not dispute.

Mr. DOUGLAS. I think the statement of the Senator is correct.

I wish to say that the Secretary of the Treasury is an able man, and I believe an honorable man according to his lights, but he has not really kept up with the relatively restricted nature of stock ownership in this country. He has believed, and I think honestly believed, a lot of the optimistic ballyhoo which has been issued. He has thought that because several hundred thousand people own stock in certain corporations, the average number of stockholders could be arrived at by adding the number of corporations together, and he has not taken into account the fact that certain persons or families own stock in various corporations. I think the Secretary of the Treasury is not up to date in that aspect of stock ownership.

The real point, Mr. President, is that we should give moderate tax relief to all income-tax paying families, including stockholders, rather than give a huge windfall to a minute segment of the wealthiest stockholders.

Mr. President, I now yield the floor.

Mr. LONG. Mr. President, I rise in support of the amendment offered by the Senator from Georgia, in which I have joined as a sponsor. The amendment provides an increase in the personal exemption next year from $600 to $700. In order to reduce the loss of revenue for the Government, the amendment is offered as a substitute for the provision that would reduce the taxes on corporation dividends. Stated simply, the effect of the amendment in which I have joined is to provide $20 in tax relief each year for every taxpayer and an additional $20 of relief for each dependent of the taxpayer.

In other words, the average workingman with a wife and two children would be saved $80 per year, if this amendment becomes law. This amendment will go far to cure the one great shortcoming of the administration's tax bill. Thus far, in spite of hundreds of relief provisions provided by the administration's bill, the average workingman will receive no tax relief whatsoever. This amendment is especially necessary in view of the need to provide additional purchasing power among the masses of our people, on the one hand, and simple justice, on the other.

I also believe that the double-taxation argument concerning dividend receipts has been very greatly oversold. I am aware that over a long period in our tax policy a special credit was given for dividend income, but I am equally aware that an earned income credit was given for an even longer period of time. Therefore, it seems to me clearly desirable that we substitute an increase in personal exemptions for the dividends tax relief proposal. The fact should not be overlooked that all the dividend recipients will also benefit through this proposed increase in personal exemption, but they will do so only to the same extent that other taxpayers benefit. This I consider to be entirely fair and reasonable.

Let us see what has happened thus far this year. On January 1, three major changes of the tax laws went into effect automatically. First, the excess-profits tax expired, with a revenue loss to the Federal Government of $1,600,000,000. Second, the last round of income-tax increases passed during the Korean war, as an emergency measure, expired under the terms of its original enactment. This amounted to an across-the-board tax reduction of approximately 10 percent for every taxpayer. On the same day, also, the social-security tax was increased from 1½ percent to 2 percent on both employers and employees.

The manner in which these tax reductions went into effect was such that it reduced the net income of the majority of Americans, while it provided enormous relief for corporations, corporation stockholders, and wealthy persons. This fact is best illustrated by comparing two persons covered by social-security protection.

A man making $3,500 would find that his 1953 income tax had been reduced by $16.50. He would further find that his social-security tax had been increased by $17.50. He was then left with a net tax increase of $1 per year. On the other hand, a man with $50,000 income would find that his 1953 tax had been reduced from $17,844 to $15,976, a reduction of $1,868. His social-security tax would have been increased by the maximum, which is $17.50. Thus, his total tax saving would be $1,850.50.

This, of course, presumes that the person making $50,000 was receiving none of his income from one of the fortunate corporations which were relieved of the excess-profits tax. Assuming that the individual was among that 10 percent of Americans who had the good fortune to hold corporation stock, it is possible that his net tax savings might have been twice $1,850, or approximately $3,700.

I ask unanimous consent to insert at this point in the RECORD, a table showing the combined effect of the personal income-tax reduction and the social-security increase, both of which went into effect on January 1 of this year.

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

TABLE 1.—*Effect of tax change on Jan. 1, 1954*

Annual gross income	1953 tax	1954 tax	Social security increase [1]	Total tax savings [2]
$3,500	$166.50	$150	$17.50	−$1.00
$25,000	5,954.00	5,818	17.50	618.50
$50,000	17,844.00	15,976	17.50	1,850.50

[1] 10 percent reduction in personal income taxes and increase in social-security payments went into effect simultaneously Jan. 1, 1954. Social security deductions were increased from 1½ to 2 percent. This is an increase of $1.3 billion for fiscal 1955. Corporation's share of social security was likewise raised Jan. 1 by ½ percent. However, since corporations can claim this increase as a legitimate business expense and deduct it, corporations actually pay only 48 percent of the increase.

[2] Based on family of four.

Mr. LONG. Mr. President, since January 1, three things that have happened could logically be expected as a result of the tax adjustment:

First. Purchasing power has been reduced.

Second. Savings have increased.

Third. There has been an increase in the demand for luxury items, and a major reduction in consumer demand for items ordinarily regarded as necessities.

The combined result can best be illustrated by reference to the automobile industry. In 1950, the automotive industry produced 6,664,854 passenger cars. In June 1950, the best month on record, 720,000 passenger cars were produced. On that basis, it is assumed that the industry has a present capacity of 8,400,000 automobiles a year. The considerable plant expansion since June 1950, indicates that even the 8,400,000 estimate of capacity is conservative. Last year, 1953, the industry produced 6,165,000 new cars.

Compare those figures with the ones for the first 6 months of 1954. During this period the industry produced 2,956,000 automobiles. The estimated total 1954 production is approximately 4,930,000 automobiles, although a top official of the Ford Corp. estimated that production would be 5,000,000. This is a reduction of 20 percent below last year's production, although the population of the Nation is still increasing. It means we are producing little more than 50 percent of the automobiles we could have produced.

However, the general situation in the automobile industry does not hold true

for the Cadillac division of General Motors. Throughout the Nation, customers are required to wait as long as 6 months to obtain delivery of their Cadillacs. Even in Washington I understand a member of the Eisenhower Cabinet is being required to wait for his Cadillac. This is a graphic illustration of a situation that exists throughout America today. The same could be said to be true in the television industry, the household appliances industry, the steel industry, and, in fact, generally in industry across the Nation.

In sessions of the Finance Committee, administration spokesmen, in pointing to the health and vigor of the Nation, were pleased to refer to the major increases in personal savings. These increases they urged as a reason for providing further upper-bracket income relief and incentives to businessmen in forms of reduced taxation. They completely overlook the fact that much of these savings result from the lack of inclination on the part of the wealthy to spend or reinvest their tax savings. No problem exists insofar as the majority of American working people are concerned, inasmuch as their taxes have not been reduced, but have been increased.

I do not wish to discount the healthy effect of the reduction in excise taxes. This was scheduled to go into effect automatically, until the administration proposed that these taxes be extended. It was the judgment of Congress, particularly the majority of Democrats, who insisted on reducing taxes on household appliances, that many of the excise taxes should be reduced now. Looking at the overall economic picture, this reduction in excise taxes was a step in the right direction. Unfortunately, it was the only step in which the great majority of taxpayers were able to participate fully. It was a small step, when compared with the net tax reduction of approximately $4 billion that has thus far benefited only those in the upper, middle, and high income brackets.

Now let us look at a situation that exists today. We have had almost $6 billion of tax reduction. It has occurred in such a manner that the majority of our people have had no relief, except with regard to certain excise taxes. Thus, the average American has shared in only 20 percent of the tax relief, while 80 percent of it has been directed to the benefit of the more fortunate. After that $6 billion of tax relief, we now come to the administration's second round of relief. We find that this proposal also partakes too much of the nature of a rich man's relief bill. Its first year cost will be approximately $1,400,000,000. Its third year cost is expected to run around $3,800,000,000.

One of the major items of cost is the more rapid depreciation allowances on plant and equipment for businesses. This provision is expected to cost approximately $350 million in the first year. No one has any idea what it will cost thereafter. Some estimates are that it will cost as much as $1 billion during the second or third years. It is sold on the theory that in the long run it will mean no tax loss at all.

Actually the argument is misleading. If a person continues to buy new equipment, the rapid tax writeoff makes it possible for him to stay ahead of his depreciation schedule continuously by steadily buying new machinery as his depreciation allowance becomes less on old equipment.

It is wrong, therefore, to say that it will not cost the Government money. I do not make this argument, Mr. President, in opposition to accelerated depreciation. I merely wish to make the point that no one should be misled on the ridiculous and foolish assumption that this proposal for accelerated depreciation will not result in a major revenue loss to the Federal Government.

Perhaps I should make clear at this point that I believe that accelerated depreciation to be a good idea. Rapid depreciation allowances will tend to have beneficial results. Properly devised and applied they will provide a major incentive for the steady expansion and improvement of American factories. They will encourage new enterprises. They will mean in the long run that the average American workingman will have more equipment at his command. He will produce more in less time. Thus he will be entitled to better wages and more leisure time. All of those effects are long-term results, however. For the short run, the proposal will not do what its sponsors claim for it.

The cash position of the corporations has already been improved by the expiration of the excess profits tax and continued high profits. There is no reason to believe that failure to expand plants and equipment today results from a lack of adequate capital in the hands of business. It results instead from the lack of an adequate market for the product.

Mr. President, although I am prepared to support this bill I do so without enthusiasm. It is an unbalanced piece of legislation as it stands at present. It does not increase the purchasing power of the low and middle income groups which is the most important economic effect which we should expect from tax legislation at the present time.

For the most part the tax relief which is provided goes to those who need it least. The wealthy individual and the corporation are the beneficiaries of the great bulk of the tax advantages which are provided by this act.

We all know that money in the hands of the low and middle income families of our country is rapidly spent, and spent on items for their sustenance, health, and comfort. On the other hand, the wealthy individual does not tend to spend his income quite so completely or so quickly. Instead of buying additional food for himself and his family, the wealthy individual's wife is more likely to be found shopping at the low calorie counter and, in fact, trying to reduce the amount of nourishment in the family diet rather than to increase it.

In this connection, we might well consider the implications of the fact that savings are increasing. Farm income is down and farm debt is up. The weekly wage is down and unemployment is up. It is rather clear which group in our population is doing the saving. The money has been going to the places it customarily goes under a Republican regime; that is, into the hands of the already well-to-do and being put by them into bank accounts and safety deposit boxes.

It is not appropriate for a tax bill under these circumstances to encourage further savings by the well-to-do members of our people. It would be much better and more just to give any tax benefits to those who would spend it for the consumer goods which continue to pile up, except where production is being reduced by our manufacturers.

Professor Sumner Slichter, of Harvard University, estimated that an additional billion dollars of tax relief in the hands of the ordinary consumers would be sufficient to hasten this Nation out of the present recession. Yet, just the opposite is being done. Here is a bill for approximately $1,400,000,000 tax relief in the first year. Most of it goes to those who have already more purchasing power than they are likely to spend. The third year cost will be $3,800,000,000. Over 70 percent of this reduction can be expected to be taken out of circulation rather than put into circulation for reasons that I have explained.

A year ago there were 1,500,000 people without jobs. Today there are about 3 million. The President's economic advisers estimate that the unemployment will pass the 4 million figure in July. The state of the economy is definitely not good. A very serious reduction in farmers' personal income has occurred during the past 2 years. Steel production is down one-third, freight carloadings and other indices of business activity are down.

I refuse to accept this administration's philosophy that things are all right so long as they are not getting worse; at any time when our economy is not growing, we are losing ground. I have been much impressed by recent estimates of outstanding economists that during 1954 it is quite likely that we shall lose the astonishing total of $30 billion in goods and services which could otherwise have been enjoyed by the American people. In his testimony before the Finance Committee, Mr. Reuther, of the CIO, gave a striking illustration of what this loss means to the country, and I should like to ask unanimous consent to introduce an excerpt from the hearings before the Finance Committee:

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

Senator LONG. I read a statement the other day by an economist whom I do not know personally, but the logic of it impressed me. He contended that over the last 50 years our annual production has increased at least 3 percent per year on the average. If our economic production had increased at the normal average rate, rather than decreasing as at this last year, there would have been a difference of $30 billion. There is $30 billion of wealth that was not created because apparently there was no market for the product. If the market had been there, we could have expected the ordinary increase in production. That is $30 billion that everybody lost. It was $30 billion lost to the worker, $30 billion to the farmer, $30

billion to the Federal Government in taxes. Everybody took his share of the $30 billion loss.

If we can expand the production up to where we are steadily increasing as we have done in the past, we would make that $30 billion to be shared by all the people of this Nation. Of course, some might get more than others. But, the point is that it is being lost to all of us at the present time.

Mr. REUTHER. Do you know what we could do with that $30 billion? We could build half a million $12,000 homes. We could double the amount of money we are spending for education in all forms. We could build hospitals with 250,000 beds. We could give every old couple $200 worth of social security, and have $7½ billion left to do some other things. We are wasting all that.

Mr. LONG. At the rate we are going we will lose an extra $30 billion of wealth next year for an annual total of $60 billion and a cumulative loss of $90 billion in goods and services for the 2 years. This would represent an average loss over the 2-year period of about $2,000 for each American family due to failure of our economy to provide purchasing power in the hands of the honest, hard-working class of people who need it most.

It may be true that the economy has not reached a state when it is necessary to institute a "slam bang" program. However, something is seriously wrong with the economy when its industrial production and general business activity falls, serious unemployment develops, and the farmers' income goes down. Certainly any tax relief under these circumstances should be given with the overall condition of the economy very much in mind. Let me tell you, Mr. President, that this tax bill is not going to provide the cure.

What we need at the present time is not more production but more buying power in the hands of the consumer to buy the products which are already being produced at a greater rate than they are being sold. Although I appreciate its technical importance, I am not especially interested in such terms as "inventory reduction," and being told that everything will be all right after a little "rolling readjustment." The problem, I repeat, is that of keeping the consuming and the productive powers in balance. At the present time there is no question whatever but that the problem is not in producing more washing machines, more automobiles, more television and radio sets, and so forth, but in selling the products of industry.

For that reason it seems to me that to provide additional reductions for those receiving corporation dividends, in addition to the relief they have had thus far, will not increase purchasing power. It will only increase savings and will not result in any appreciable increase in production throughout the Nation.

I should like to point out further that if we take the $5 billion tax reductions which went into effect on January 1 and add the third-year cost of the present bill, which is $3,800,000,000, the total amount will be approximately $8,800,000,000. That amount of tax savings, if it had been spread evenly among all the people of the Nation, would have meant that the average family would have saved around $200.

I regret to make the statement that the tax reduction which went into effect in January was offset, so far as the majority of workers were concerned, by the increase in the social security tax. In fact, many people found that they were paying more rather than less taxes. Therefore, far from having tax relief, they had net tax increases.

The same group will find that the present bill, as drafted, will not benefit them. We shall find that the average man in this Nation will not receive 5 cents of reduction from these two rounds of tax relief, which will cost the Nation a total revenue loss approaching $10 billion.

The time has come when we should consider the average American, the great majority of the people, who do not have sufficient buying power, and who are very heavily taxed. That is the group which has been forgotten thus far; and without the amendment which I am supporting here today, that is the group which will be neglected again.

Mr. President, as was mentioned by the distinguished chairman of the Finance Committee yesterday in his extremely concise and clear statement of the actions taken by the committee in considering this bill, the split income provisions included in the House bill have been eliminated.

Inasmuch as I initiated the motion in the committee to strike out this House provision, I should like to state my reasons and to illustrate the effect which this section would have had.

This provision was supported in the report of the House Ways and Means Committee solely on humanitarian grounds, as a measure to give relief to those who found themselves in a hardship situation. Actually the relief would have gone almost entirely to those in the high income brackets.

A widow with two children, earning $4,500, would have benefited by the amount of only $5. On the other hand, a wealthy widower, with two children, earning $40,000, would have saved $4,500 a year on his tax bill. The higher the tax bracket, the greater the relative savings. But those who really need tax relief would have gotten nothing.

I ask unanimous consent to have printed in the RECORD a brief table illustrating the effect which this provision would have had on various income levels. I also ask that the Senate have in mind the striking of this provision by the Senate Finance Committee, in order that the Senate conferees will especially insist that it not be reinstated in the conference committee.

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

TABLE II.—*Split-income provisions—Distribution of benefits* [1]

Income:	*Saving*
$3,500	0
$4,500	0
$10,000	$216
$50,000	5,636
$500,000	25,000

[1] Based on family of 4.

NOTE.—Only 3 percent of benefit from income splitting would go to those earning $5,000 or less.

Mr. LONG. Mr. President, it should also be noted that the striking of this provision results in a saving of $50 millions, nearly all of which would otherwise have gone into the pockets of the wealthy. This was indeed a rich man's relief provision.

Despite the criticisms which I have made of this bill, I intend to vote for it nevertheless. I shall do so even if the amendment to increase personal exemptions fails to pass.

There is some tax relief in the bill for those who need it, although the provisions are still inadequate in my opinion. The widow and the working wife do receive a much-needed deduction for child-care expenses. Policemen, teachers, and others under existing retirement systems other than social-security programs, will also benefit. Some of our farmers and small-business concerns will get some benefit from the provisions for depreciation and other measures concerning capital gains treatment.

In addition, the bill contains many provisions which have long been needed to prevent tax evasion. There are more than 50 of these provisions. Some of them are of considerable importance.

I should like, in closing, to pay tribute to the tireless and devoted staff of the Joint Committee on Internal Revenue Taxation, who have worked ceaselessly with this bill through its many stages.

I should also like to pay tribute to the distinguished chairman of the Finance Committee, the senior Senator from Colorado and every colleague on that committee. The Finance Committee has met day after day over a period of many weeks, and worked tirelessly to improve this legislation. We have made hundreds of substantive changes and we have adopted almost innumerable technical amendments. Senators will note that some 46 pages of the RECORD were required to print the text of the amendments which the committee adopted.

The work which we did in the Finance Committee is of particular importance in view of the inadequate detailed attention which was given to the measure before it reached the Senate. The bill was referred to the House Ways and Means Committee and was reported out immediately, and reported out without any amendments. I do not say this in any special criticism of the House Ways and Means Committee, because I know that the members of this committee had participated in the drafting of the legislation. Nevertheless, a very heavy burden was placed on the Senate Finance Committee. The text had not been available, nor the substance known to anyone outside the House committee and its staff, prior to the date on which the bill was introduced. Only when the bill was considered in the Finance Committee could these actual provisions of the bill be discussed by those affected.

COMMITTEE ON RETIREMENT POLICY FOR FEDERAL PERSONNEL

Mr. CARLSON. Mr. President, this morning Mr. H. Eliot Kaplan, chairman of the Committee on Retirement Policy for Federal Personnel, submitted to the

Vice President the fifth and final report of his committee and concluded its survey of the Federal pension and retirement plans as directed by Public Law 555, 82d Congress.

Mr. Kaplan and his staff are to be commended for this outstanding report and study of our Federal retirement plans.

A casual study of their Federal retirement program will convince anyone that Congress should give consideration to the recommendations submitted by the committee at the earliest opportunity. In my opinion, it will not be possible to do so in this session, but it should be on the calendar for consideration at the beginning of the 84th Congress.

I want to express personally my appreciation to Mr. Kaplan, the chairman of the committee, its members and personnel who have labored so diligently in preparing this report.

I noticed by the letter to the Vice President in submitting this report, that the committee concluded its work with 20 percent of the funds voted by Congress unspent, or approximately $40,000. This is an additional reason for commendation.

It was a difficult task that was well done.

The PRESIDING OFFICER. What is the pleasure of the Senate?

RECESS

Mr. CARLSON. Mr. President, I move that the Senate stand in recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 7 o'clock and 35 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, June 30, 1954, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate June 29 (legislative day of June 22), 1954:

FOREIGN OPERATIONS ADMINISTRATION

The following-named persons to be members of the Public Advisory Board, Foreign Operations Administration:

Clement D. Johnston, of Virginia.
Mrs. Helen Chapman, of Illinois.
Harold C. McClellan, of California.
Mrs. Percy Maxim Lee, of Connecticut.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Andrew N. Overby, of the District of Columbia, to be United States Executive Director of the International Bank for Reconstruction and Development for a term of 2 years. (Reappointment.)

FEDERAL POWER COMMISSION

Frederick Stueck, of Missouri, to be a member of the Federal Power Commission for the term of 5 years, expiring June 22, 1959, vice Dale E. Doty, term expired.

DIRECTOR OF THE MINT

William H. Brett, of Ohio, to be Director of the Mint, to fill an existing vacancy. (Term of 5 years.)

UNITED STATES DISTRICT JUDGE

Walter E. Hoffman, of Virginia, to be United States district judge for the eastern district of Virginia, to fill a new position.

UNITED STATES MARSHAL

William A. O'Brien, of Pennsylvania, to be United States marshal for the eastern district of Pennsylvania, vice Walter S. Farley, removed.

IN THE COAST AND GEODETIC SURVEY

Subject to qualifications provided by law, the following for permanent appointment to the grade indicated in the Coast and Geodetic Survey:

To be commissioned captain

John C. Bose
Samuel B. Grenell

To be commissioned lieutenant commander

Allen L. Powell
Norman E. Taylor

To be commissioned lieutenant

Omar H. Quade, Jr.

To be commissioned lieutenant (junior grade)

Donald L. Campbell
Albert J. Ramey
Robert M. Borst
John F. Vance, Jr.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 29 (legislative day of June 22), 1954:

FEDERAL COMMUNICATIONS COMMISSION

John C. Doerfer, of Wisconsin, to be a member of the Federal Communications Commission, term of 7 years from July 1, 1954.

UNITED STATES COAST GUARD

The following-named persons in the United States Coast Guard in the grade indicated:

To be lieutenants (junior grade)

Marion L. Weiss
Kermit R. Meade
Burton W. Kniseley
Paul A. Yost, Jr.
Henry H. Bell
Philip C. Lutzi
Richard F. Maim
Lamber J. Larson
Cortland G. Pohle, Jr.
John L. Klenk
Earl A. Baker
George J. Kashuba
Swain L. Wilson
Phillip B. Moberg
Lawrence A. White
John S. Nuzum
Wilfred Bleakley, Jr.
John S. Phillips
James P. Randle
George T. Doyle, Jr.
John H. Fournier
Richard O. Haughey
Richard L. Jacobs
Louis L. Zumstein
Alfred P. Manning, Jr.
George J. Roy, Jr.
Frank R. Buesseler
Robert W. Witter
Robert N. Pierce
John G. Martinez
Ted L. Gannaway
Robert A. Moss
Richard M. Thomas
Daniel L. Muir
George P. Adamson
Graham Hall
John L. Steinmetz, Jr.
Edward F. Yost, Jr.
Henry Wilks, Jr.
Joseph P. Hratko
Charles E. Martin
Richard Lacy
Hugh C. Wyatt
Robert C. Powell
George E. Maloney
Richard J. Knapp
Robert Russell
Frederick P. Schubert
Raymond C. Bassett, Jr.
Robert B. Grant
Norman S. Morrill
Michael J. Madden
Eugene A. Stroup
Byron W. Jordan
Russell H. Ferrier, Jr.
Raymond P. Litts
Clement H. E. Kerans, Jr.
David M. Kaetzel

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 29, 1954

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, we thank Thee for this new day and we beseech Thee that we may interpret each hour as a glorious opportunity to enlarge and enrich the welfare of our beloved country and all mankind.

Impart unto us a clear vision and understanding of the sound economic, political, social, moral, and spiritual principles which must undergird and sustain our prosperity and our progress.

Grant that we may seek to do Thy will more perfectly, for in the doing of Thy will is our peace.

Inspire us to strive earnestly to make a worthy contribution to the high adventure of establishing, here upon the earth, that noble spiritual order of life which the Master called the Kingdom of God.

To Thy name we ascribe all the glory. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On June 24, 1954:

H. R. 8583. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1955, and for other purposes.

On June 28, 1954:

H. R. 707. An act for the relief of Dr. Ignacy Adam, Mrs. Amalya Alexander Adam, and George Adam;

H. R. 758. An act for the relief of Harry C. Barney;

H. R. 849. An act for the relief of Mrs. Stella Rebner;

H. R. 1005. An act to authorize the establishment of the Fort Union National Monument, in the State of New Mexico, and for other purposes;

H. R. 2566. An act to amend the Contract Settlement Act of 1944 so as to establish a time limitation upon the filing of certain claims thereunder;

H. R. 2616. An act for the relief of Generosa Bonet;

H. R. 3026. An act for the relief of Barbara Gene Coster;

H. R. 3097. An act to authorize the transfer to the regents of the University of California, for agricultural purposes, of certain real property in Napa County, Calif.;

H. R. 3131. An act for the relief of Wesley Howard Leahy;

H. R. 3986. An act to authorize the appropriation of additional funds to complete the International Peace Garden, North Dakota;

H. R. 4701. An act for the relief of Josip Stanic;

H. R. 6173. An act to provide for the use of the tribal funds of the Southern Ute Tribe of the Southern Ute Reservation, to authorize a per capita payment out of such funds, and for other purposes;

H. R. 8357. An act to amend the Standard Container Act of May 21, 1928 (45 Stat. 685; 15 U. S. C. 257–257i), to provide for a ⅜-bushel basket for fruits and vegetables;

H. R. 8456. An act to provide for the conveyance of certain hospital supplies and equipment of the United States to the city of Gulfport and to Harrison County, Miss.;

H. R. 8923. An act to provide for the development of the Coosa River, Ala. and Ga.; and

H. J. Res. 300. Joint resolution to provide for the conveyance to the Texas Hill Country Development Foundation of certain surplus land situated in Kerr County, Tex.

On June 29, 1954:

H. R. 2844. An act providing that the ratification of the Revenue Bond Act of 1935, enacted by the Legislature of the Territory

of Hawaii, shall apply to all amendments of said act made by said legislature to and including the acts of the 1953 regular session of said legislature;

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

H. R. 5840. An act to authorize the Hawaiian Homes Commission to exchange certain Hawaiian Homes Commission land and certain easements for certain privately owned land;

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

H. R. 6276. An act to amend the Ship Mortgage Act, 1920, as amended;

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

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.

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. 9203. An act making appropriations for the legislative branch and the judiciary branch for the fiscal year ending June 30, 1955, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MUNDT, Mr. BRIDGES, Mr. SALTONSTALL, Mr. ELLENDER, and Mr. MAYBANK to be the conferees on the part of the Senate.

REPORT FROM COMMITTEE ON WAYS AND MEANS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means have until midnight tonight to file a report on the bill (H. R. 9709) to extend and improve the unemployment compensation program, and I ask unanimous consent that the minority may have the same privilege.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

LEGISLATIVE AND JUDICIARY APPROPRIATION BILL, 1955

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9203) making appropriations for the legislative branch and the judiciary branch for the fiscal year ending June 30, 1955, and for other purposes, with Senate amendments thereto, disagree to the amendments and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts? [After a pause.] The Chair hears none and appoints the following conferees: Mr. BOW, Mr. COON, Mr. TABER, Mr. SCRIVNER, Mr. KIRWAN, Mr. GARY, and Mr. CANNON.

REPORTS FROM CONFEREES ON APPROPRIATION BILLS

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent that the managers on the part of the House have until midnight tonight to file conference reports on all appropriation bills now in conference.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1955—CONFERENCE REPORT

Mr. WILSON of Indiana. Mr. Speaker, I call up the conference report on the bill (H. R. 9517) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1955, and for other purposes, and I ask unanimous consent that the statement 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 Indiana?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 1945)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9517) "making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District 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 amendment numbered 1.

That the House recede from its disagreement to the amendments of the Senate numbered 6, 7, 9, 10, 12, 13, 22, 25, 29, 30, 32, 34, 35 and 41, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$307,565"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,945,522"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert: "$27,626,570"; 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 "$6,266,641"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$150,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,163,410"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$22,636,000"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,378,000"; 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 sum proposed by said amendment insert "$25,000"; 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: In lieu of the sum proposed by said amendment insert "$1,238,365"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$235,406"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$9,732,740"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 2, 4, 8, 14, 15, 17, 20, 23, 33, 36, 37, 38, 39 and 40.

EARL WILSON,
CHARLES W. VURSELL,
OAKLEY HUNTER,
W. F. NORRELL,
A. M. FERNANDEZ,
Managers on the Part of the House.

EVERETT M. DIRKSEN,
HOMER FERGUSON,
JOSEPH R. MCCARTHY,
FRANCIS CASE,
LISTER HILL,
JOHN L. MCCLELLAN,
WARREN G. MAGNUSON,
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. 9517) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District 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:

OPERATING EXPENSES

Executive Office

Amendment No. 1: Strikes out Senate language appropriating funds for the National Capital Wing, Civil Air Patrol.

Amendment No. 2: Reported in disagreement.

Amendment No. 3: Appropriates $307,565 instead of $258,215 as proposed by the House and $317,565 as proposed by the Senate.

Amendment No. 4: Reported in disagreement.

Department of General Administration

Amendment No. 5: Appropriates $2,945,522 instead of $2,877,522 as proposed by the House and $2,965,522 as proposed by the Senate. Of the increase above the House figure, $40,000 is for personal services including funds for additional assessors.

Office of Corporation Counsel

Amendment No. 6: Appropriates $428,585 as proposed by the Senate instead of $360,000 as proposed by the House.

Regulatory agencies

Amendment No. 7: Appropriates $918,204 as proposed by the Senate instead of $891,021 as proposed by the House.

Department of Occupations and Professions

Amendment No. 8: Reported in disagreement. While the House conferees will offer a motion to recede and concur in this amendment, House and Senate conferees direct that the District of Columbia obtain legislative authority for fixing the rates of compensation for Board members before the 1956 bill is considered.

Amendment No. 9: Appropriates $264,000 as proposed by the Senate instead of $225,000 as proposed by the House.

Public schools

Amendment No. 10: Inserts Senate language permitting the purchase of supplies.

Amendment No. 11: Appropriates $27,626,570 instead of $27,526,570 as proposed by the House and $27,692,574 as proposed by the Senate. Of the increase provided above the House figure, $25,000 is for the driver training program; $45,000 is for additional teachers; $15,000 is for supplies; and $15,000 is for general administration.

Public Library

Amendment No. 12: Appropriates $1,611,000 as proposed by the Senate instead of $1,598,500 as proposed by the House.

Recreation Department

Amendment No. 13: Appropriates $1,641,000 as proposed by the Senate instead of $1,626,402 as proposed by the House.

Metropolitan Police

Amendment No. 14: Reported in disagreement.

Amendment No. 15: Reported in disagreement.

Fire Department

Amendment No. 16: Appropriates $6,266,641 instead of $6,259,641 as proposed by the House and $6,309,000 as proposed by the Senate. The increase over the House figure is for supplies and equipment.

Office of Civil Defense

Amendment No. 17: Reported in disagreement.

Amendment No. 18: Appropriates $150,000 instead of $75,000 as proposed by the House and $179,048 as proposed by the Senate.

Courts

Amendment No. 19: Appropriates $3,163,410 instead of $3,133,410 as proposed by the House and $3,191,145 as proposed by the Senate.

Department of Public Health

Amendment No. 20: Reported in disagreement.

Amendment No. 21: Appropriates $22,636,000 instead of $22,336,000 as proposed by the House and $22,761,000 as proposed by the Senate.

Public welfare

Amendment No. 22: Appropriates $8,885,061 as proposed by the Senate instead of $8,851,516 as proposed by the House.

Amendment No. 23: Reported in disagreement.

Department of Licenses and Inspections

Amendment No. 24: Appropriates $1,378,000 instead of $1,175,000 as proposed by the House and $1,415,315 as proposed by the Senate. Of the amount of increase above the House figure $128,000 represents a transfer of funds from the Public Health Department appropriation to cover employment of sanitary inspectors in connection with the slum clearance program.

Department of Highways

Amendment No. 25: Provides that $3,761,612 shall be payable from the Highway fund as proposed by the Senate instead of $3,859,285 as proposed by the House.

Department of Vehicles and Traffic

Amendment No. 26: Provides $25,000 for traffic safety education instead of $20,000 as proposed by the House and $30,000 as proposed by the Senate.

Amendments Nos. 27, 28 and 29: Appropriate $1,238,365 instead of $1,124,365 as proposed by the House and $1,343,365 as proposed by the Senate, and provide that $235,406 shall be payable from the motor vehicle parking fund and $9,000 from the general fund.

Amendment No. 30: Strikes out House language relating to the purchase arrangements for parking meters or devices.

Department of Sanitary Engineering

Amendment No. 31: Appropriates $9,732,740 instead of $9,657,740 as proposed by the House and $9,757,302 as proposed by the Senate.

National Capital Parks

Amendment No. 32: Appropriates $2,344,000 as proposed by the Senate instead of $2,227,500 as proposed by the House.

CAPITAL OUTLAY

Public building construction

Amendment No. 33. Reported in disagreement.

Amendments Nos. 34 and 35: Appropriate $15,712,000 as proposed by the Senate instead of $15,685,000 as proposed by the House, and provide that $631,400 shall be available for construction services by the Director of Buildings and Grounds, or by contract, as proposed by the Senate, instead of $630,320 as proposed by the House.

Amendments Nos. 36 and 37: Reported in disagreement.

Department of Highways

Amendment No. 38: Reported in disagreement.

GENERAL PROVISIONS

Amendments Nos. 39 and 40: Reported in disagreement.

Amendment No. 41: Changes section number as proposed by the Senate.

EARL WILSON,
CHARLES W. VURSELL,
OAKLEY HUNTER,
W. F. NORRELL,
A. M. FERNANDEZ,
Managers on the Part of the House.

The SPEAKER. The question is on the adoption of the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

Mr. WILSON of Indiana. Mr. Speaker, I ask unanimous consent that Senate amendments Nos. 2, 4, 8, 14, 17, 23, 33, 36, 37, 38, 39, and 40 may be considered en bloc.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read as follows:

Senate amendment No. 2: Page 3, line 15, after the word "expenses", insert "development of a comprehensive program for slum clearance, by contract or otherwise, as may be determined by the Commissioners."

Senate amendment No. 4: Page 3, line 20, after the sum, insert "of which $25,000 shall be available for expenditure by the American Legion 1954 Convention Corporation in connection with the 1954 National Convention of the American Legion, subject to reimbursement from the American Legion if receipts exceed expenses."

Senate amendment No. 8: Page 6, line 5, after "compensation", insert "at rates to be fixed by the Commissioners."

Senate amendment No. 14: Page 10, line 4, after "tenant", insert "the lieutenant in charge of the Metropolitan Police Boys' Club with the rank and pay of captain."

Senate amendment No. 17: Page 12, line 25, insert "purchase of passenger motor vehicles, and a shelter survey by contract or otherwise, as may be determined by the Commissioners."

Senate amendment No. 23: Page 19, line 21, after the word "placed", strike out the balance of line 21 and all of lines 22 and 23, the word "Columbia" in line 24 and insert "outside of the District of Columbia and the States of Virginia and Maryland."

Senate amendment No. 33: Page 31, line 8, after the word "Anacostia", insert "addition to Cleveland Park branch library."

Senate amendment No. 36: Page 32, line 3, after the word "Grounds", insert *"Provided,* That the unexpended balance of the appropriation of $343,500 for the Cleveland Park branch library, contained in the District of Columbia Appropriation Act of 1952, shall be available toward construction of the addition provided for herein."

Senate amendment No. 37: Page 32, line 9, insert:

"The appropriations for 'Capital outlay, protective institutions,' contained in the District of Columbia Appropriation Acts, 1951 and 1952, shall be available for constructing such additional water purification and transmission facilities at Fort George G. Meade, Md., as may be necessary to provide for a supply of water to the District Training School and the Children's Center under agreements to be entered into by the Commissioners and the Secretary of the Army, and the said appropriations shall be available for advance payment to the United States for work to be performed, subject to subsequent adjustment."

Senate amendment No. 38: Page 35, line 1, after the word "kinds", insert "to remain available until expended."

Senate amendment No. 39: Page 48, line 9, insert:

"SEC. 17. The Commissioners are authorized to establish a working fund without fiscal-year limitation for the purpose of printing, duplicating, and photographing; and the unexpended balances in the miscellaneous trust fund accounts 'Operating Account, Printing' and 'Operating Account, Blueprinting' shall be deposited to said working fund; and the fund shall be reimbursed for all services performed thereunder."

Senate amendment No. 40: Page 48, line 17, insert:

"SEC. 18. The Commissioners are authorized to establish a permanent working fund, which shall be available without fiscal-year limitation, for necessary expenses of maintenance and repair of vehicles of the Government of the District of Columbia; and said fund shall be reimbursed, or credited in advance if required by the Director, Department of Highways, for the costs of all work performed thereunder."

Mr. WILSON of Indiana. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WILSON of Indiana moves that the House recede from its disagreement to the amendments of the Senate numbered 2, 4, 8, 14, 17, 23, 33, 36, 37, 38, 39, and 40 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 15: Page 11, line 15, insert:

"Metropolitan Police (additional municipal services, American Legion Convention), to enable the Commissioners of the District of Columbia to provide additional municipal services in said District from August 25 to September 7, 1954, both inclusive, including the employment of personal services, payment of allowances, payment at basic salary rates for services performed by members of the uniformed force in excess of 8 hours per day (but not to exceed a total of 12 hours overtime pay to any individual member performing services within such period), traveling expenses, hire of means of transportation, cost of removing and relocating streetcar-loading platforms; and for the construction, rent, maintenance, and expenses incident to the operation of temporary public comfort stations, first-aid stations, and information booths, during the period aforesaid, and other incidental expenses in the discretion of the Commissioners; $103,725."

Mr. WILSON of Indiana. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WILSON of Indiana moves that the House recede from its disagreement to the amendment of the Senate numbered 15, and concur therein with an amendment, as follows: In lieu of the sum proposed in said amendment insert "$80,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 20: Page 15, line 3, after "vocations" insert "attendance without loss of pay or time at specialized medical or public health training courses or institutes, tuition and entrance fees, and travel expenses and fees for visiting lecturers or experts in public health and related fields."

Mr. WILSON of Indiana. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WILSON of Indiana moves that the House recede from its disagreement to the amendment of the Senate numbered 20, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert "not to exceed $1,000 for attendance without loss of pay or time at specialized medical or public health training courses or institutes, tuition and entrance fees, and travel expenses and fees for visiting lecturers or experts in public health and related fields."

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.

WISCONSIN CHEESE AND BUTTER

Mr. JOHNSON of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. JOHNSON of Wisconsin. Mr. Speaker, Howard Carpenter of the Ellsworth Cooperative Creamery, Ellsworth, Wis., and president of the Dairy Cooperative Institute, has been good enough to arrange with other members of the institute to furnish some of the best sweet cream butter which the dairy State of Wisconsin produces. Most of the members of the Dairy Cooperative Institute are located in the Ninth Congressional District of Wisconsin. Members of the institute cooperating in donating butter are: Ellsworth Cooperative Creamery, Baldwin Cooperative Creamery, Barron Cooperative Creamery, A. and G. Cooperative Creamery, Chippewa Cooperative Creamery, Farmers Cooperative Creamery, Ladysmith Milk Producers Cooperative, Medford Cooperative Creamery, Turtle Lake Cooperative Dairy, Wisconsin Cooperative Dairies. The Colfax Cooperative Creamery is not a member of the institute but is furnishing butter also.

Mr. John Wuethrich, of the John W. Wuethrich Creamery Co., at Greenwood, Wis., has arranged for a fine selection of Wisconsin cheese. He is donating some from his own company. Others donating cheese are: Stewarts Redville Dairy, Blue Moon Foods, Inc., and Neillsville Milk Products, all located in Clark County in Wisconsin's Ninth Congressional District.

This selection of Wisconsin butter and cheese will be on the tables of the House Members' dining room and the private dining room on Wednesday, June 30. I want to invite you to this fine treat arranged for this last day of the dairy month of June by the creameries and dairies of the Ninth District of Wisconsin. I hope my colleagues will make it a point to eat in the House dining rooms on June 30 and that they will enjoy these products for which Wisconsin is justly famed.

INTERFERENCE IN WESTERN HEMISPHERE AFFAIRS BY THE SOVIET COMMUNISTS

Mr. JACKSON. Mr. Speaker, pursuant to the action of the House on yesterday, I call up Senate Concurrent Resolution 91 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Whereas for many years it has been the joint policy of the United States and the other states in the Western Hemisphere to act vigorously to prevent external interference in the affairs of the nations of the Western Hemisphere; and

Whereas in the recent past there has come to light strong evidence of intervention by the international Communist movement in the State of Guatemala, whereby government institutions have been infiltrated by Communist agents, weapons of war have been secretly shipped into that country, and the pattern of Communist conquest has become manifest; and

Whereas on Sunday, June 20, 1954, the Soviet Government vetoed in the United Nations Security Council a resolution to refer the matter of the recent outbreak of hostilities in Guatemala to the Organization of American States: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that the United States should reaffirm its support of the Caracas Declaration of Solidarity of March 28, 1954, which is designed to prevent interference in Western Hemisphere affairs by the international Communist movement, and take all necessary and proper steps to support the Organization of American States in taking appropriate action to prevent any interference by the international Communist movement in the affairs of the states of the Western Hemisphere.

Mr. JACKSON. Mr. Speaker, I ask unanimous consent that the gentlemen from Texas, Messrs. PATMAN, THORNBERRY, DIES, and BROOKS, and all other Members may have permission to extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McCORMACK. Mr. Speaker, the quick passage of Senate Concurrent Resolution 91 is constructive leadership on the part of Congress. This resolution was drafted and introduced in the Senate by the able and distinguished Democratic leader, Senator LYNDON B. JOHNSON, of Texas, and in particular he is entitled to credit for this firm and constructive action. It is leadership and statesmanship on a high level. It is the type of leadership that reflects credit on the Congress. It also reflects credit on the people of Texas.

The reasons for the passage of the Johnson resolution in the Senate and for passing it today in the House are numerous and convincing.

On a number of occasions during the past several years I have called the attention of the House to the control by a small group of Communists of the Government of Guatemala; also, the fact that the great majority of Guatemalans were strongly opposed to communism.

Let us hope this ousting of the Communist regime is sincere, and that the various elements in Guatemala opposed to communism will cooperate with each other in establishing a government of law that will be stable, enjoying the confidence of the people, and as a result of sound, forward-looking, progressive leadership, prosper and progress.

In the event of such a government the people of Guatemala can rely upon the cooperation and assistance of the United States.

Again, Mr. Speaker, I again commend Senator JOHNSON of Texas, for his vision and his leadership, also commend the

leadership and members of both parties in the Senate and the House for the prompt and favorable action on the Johnson resolution.

Mr. THORNBERRY. Mr. Speaker, this is a resolution which states what I believe to be a basic determination of the American people.

Americans are overwhelmingly opposed to communism. The Republics of the Western Hemisphere are overwhelmingly opposed to communism. Even in Guatemala itself, only a tiny minority of the people are avowed Communists.

Such overwhelming sentiment can be overcome by the Communists only if they succeed in dividing our people and dividing the American Republics. They cannot conquer a united America and a united Western Hemisphere.

The purpose of this resolution, as I read it, is to insure the kind of unity which the Communists cannot overcome. It states an American policy which will provide the leadership that will keep our hemisphere free.

A policy is useful when it points the way to deeds. This resolution lays down a course which does exactly that. It provides a congressional mandate for action—action to turn back the Communist threat to America.

These are times when the American people are divided over many issues. But they are not divided in their will to remain free.

In drawing up this resolution, I believe that the senior Senator from Texas, LYNDON B. JOHNSON, struck a deep chord of unity. I believe he stated the true courage and resolve which is embedded so strongly in the hearts of our countrymen.

He is to be congratulated for this statement—so basically American and so basically anti-Communist.

I hope that every member of this House will vote to approve this resolution and thus express the American spirit of unrelenting opposition to the imperialism of Moscow.

Mr. BROOKS of Texas. Mr. Speaker, this is a timely resolution, one that very definitely meets the needs of our day.

We are going through a great period of social upheaval and change. Events are moving rapidly, so rapidly that it is almost impossible to keep up with them. Even now a Communist-dominated government in Guatemala is only 700 miles from Texas—only 960 miles, or a few hours' bomber time, from the refineries, the chemical plants, and the homes of my own Second District in Texas.

In such a period the wise and prudent man examines his basic concepts. He determines which remain valid and which have lost their force. He decides which are worth fighting for and which should be discarded.

It seems to me that this resolution states in forceful terms one of the most valid concepts of American foreign policy. For 130 years we have held to the doctrine that the Republics of the Western Hemisphere should have the right to develop free of outside interference.

The situation created by the rising tide of Communist imperialism may force us into an agonizing reappraisal of our foreign policy. But regardless of what the future may hold, I think we must still consider the Western Hemisphere out of bounds for Communist aggression.

The Monroe Doctrine—1823—is still a vital, living force. But it needs restatement in the light of modern conditions. That is what this resolution does. That is why it should have the solid support of all of us.

As a Texan I am very proud that this resolution was conceived by the senior Senator from Texas. It is a resolution which demonstrates vision and statesmanship. It rings with the force and vigor that must be the essence of American policy if we are to turn back the Red tide directed from Moscow.

The senior Senator from Texas, LYNDON B. JOHNSON, grasped the essentials of the situation. He saw the need for laying down a policy that can lead to action—action to protect freedom for ourselves and posterity. He also saw the need for making that policy nonpartisan so it could unite—rather than divide—America.

Mr. Speaker, this is the kind of leadership that America needs—leadership of youth, courage, and daring. I am proud to associate myself with this resolution and this declaration that America shall stand firm against any effort by international communism to invade the Western Hemisphere.

Mr. PATMAN. Mr. Speaker, I look upon this resolution as an urgently needed legislative expression of our determination to keep communism out of the Western Hemisphere.

For 130 years this Nation has operated on the basis of the Monroe Doctrine. It has had the wholehearted support of our people. It has served the noble purpose of protecting the right of our neighbors to the south to develop their own institutions.

We are now facing a new threat—a threat that was unknown during the administration of President Monroe. It is a threat that goes beyond the colonial aspirations of European countries in the 19th century. It is a threat to swallow up the whole Western Hemisphere.

This resolution sets forth a policy which can unite all the Americas against the aggression of international communism. It lays the basis for strong and forthright steps which will protect our freedoms.

The particular virtue of this resolution is that it represents a legislative declaration—an expression of that branch of our Government which most directly speaks the voice of our people. Its meaning will not be lost either upon our friends or upon our enemies.

Mr. Speaker, I would like to take this opportunity to commend the Senate minority leader, LYNDON B. JOHNSON, of Texas, for his sponsorship of this resolution.

This declaration represents statesmanship of the highest order—the kind that we have learned to expect from him. It also represents an earnest effort to unite our people on the most important issue of the day—the defense of our liberties against Communist aggression.

In presenting this resolution, the senior Senator from Texas has offered a declaration that preserves the vitality of the Monroe Doctrine—but projects that doctrine into the changing conditions of the modern world.

This resolution should receive the overwhelming approval of the Members of this House. On top of the Senate action, it will then become the voice of a united America.

Mr. DIES. Mr. Speaker, as one who pioneered the struggle against communism in this country, I am proud and happy to vote for this resolution.

I am one who believes that American policy should be based upon unrelenting opposition to Communist plots and conspiracies. We must keep our hemisphere free of Communist influence if freedom is to survive.

We have come a long way from the early days of the House Un-American Activities Committee. There were few Americans then who realized the dangers of the Moscow-directed conspiracy.

Since then, we have taken strong action against the Communists in this country. We have exposed their subversion and their espionage. Their numbers have been reduced to a small—though still dangerous—fraction of our population.

Since then, however, we have had a new development. The Communists are now openly seeking to arm their followers in the Western Hemisphere.

Guatemala is not a large country. It is not a dominant nation of the Western Hemisphere. But as a beachhead for Communist aggression, it represented a real threat.

Guatemalans themselves have taken vigorous action to meet that threat. But we should not just shut our eyes and pretend that it has gone away.

We should draw a very clear line around the Western Hemisphere and warn the international Communists that this line they cannot cross. That is the purpose of this resolution and it has my wholehearted support.

I urge every Member of this House to register his determination that Communist aggression and penetration shall not be permitted in the Western Hemisphere.

I want to congratulate our senior Senator from Texas, the Honorable LYNDON JOHNSON, for his authorship of this resolution. In steering this resolution through the Senate, Senator JOHNSON has made an important contribution to the great cause of halting the spread of Communist dictatorship to the Western Hemisphere.

Mr. O'HARA of Illinois. Mr. Speaker, I have some observations to make on this resolution from the background of some boyhood years spent in Central America. I was a schoolboy in a public school in Nicaragua when Great Britain had given some offense to the dignity of Nicaragua and my schoolmates joined in gatherings of older Nicaraguans clamoring for war with Great Britain.

Once an American gunboat had bombarded this Nicaraguan port on the Caribbean and I was shown by my Nicaraguan schoolmates an old unexploded

shell that remained from that bombardment. As a boy I conversed with a member of a distinguished Nicaraguan family who as a youth had served in the Nicaraguan army of liberation under Gen. William Walker, who had come to Nicaragua at a time when great financial interests in the United States were dealing unfairly with the Nicaraguan Government in payments for the privilege of conducting a profitable interoceanic trade through the San Juan River from the east coast to the promising gold fields of California.

It was at a time in the late years of the old century that serious trouble had developed between the United States of America and Great Britain over Britain's claim to sovereignty over the eastern coast of Nicaragua. In that crisis my father had been sent to Nicaragua as the personal representative of President Grover Cleveland. As a boy I accompanied him. At the time Great Britain was maintaining in royal style in Jamaica King Clarence, reigning sovereign of the Carib Indians. Britains claimed that the Carib Indians had rightful claim to the entire eastern coast of Nicaragua.

When Britain sought to exercise its claim of sovereignty through a proclamation issued in the name of Great Britain by the vice consul at Bluefields, Nicaragua, a gentleman named Hatch, Nicaragua responded by arresting British Vice Consul Hatch and sending him in handcuffs to trial at Managua. Great Britain's response was the sending of warships to Bluefields and a threatened bombardment. It was then that President Grover Cleveland intervened, and war with Great Britain was threatened. At about this time also was the matter of Britain's claim, which she refused to permit to go to arbitration, to certain parts of Venezuela.

Later there was dispute between Nicaragua and Costa Rica over the boundary lines, and President Cleveland, on request of those Republics, dispatched as the arbiter General Alexander, who had commanded the Confederate artillery at Gettysburg. Among the treasures of my memories is the recollection of my experience as a boy privileged to accompany General Alexander, then in my boyish eyes so recently after the Civil War an outstanding heroic figure, in survey of the territory in dispute between Nicaragua and Costa Rica.

All of this was many years ago. General Zelaya then was President of Nicaragua. The Sacasa family was then as now a prominent family in Nicaragua, and one of its distinguished members was the head of a household at San Juan del Norte. I have said that this was long ago, but the family lines and the traditional sentiments I doubt have changed.

There was then a general feeling among Nicaraguan people that the United States was a big neighbor with a big stick. There was some justification for this feeling. For instance, there was the mahogany concession which had been extracted in some manner and over which a gentleman, as I recall his name now, Baker, and I am talking only from memory of many years ago, and under which there was cut down by natives and carried away the richness of the mahogany growths of the eastern coast of Nicaragua. Later, and when I had grown to the estates of manhood and was far removed in years from those earlier scenes of my boyhood as a pupil in a public school in the free port of San Juan del Norte, our country pursued a policy of dollar diplomacy.

Then came President Franklin D. Roosevelt. Of all the great services that President Franklin D. Roosevelt rendered to his country and to the world none was of greater value than the building of true hemispheric solidarity. The United States of America, under his inspiration, ceased to be the big neighbor with the big stick. Instead it became in the hearts and minds of the people of Latin America the big neighbor with the big and understanding heart. The scars of past eras were effaced. Real and enduring hemispheric solidarity was attained.

Mr. Speaker, that solidarity is essential to our security. I do not know, nor does anyone in this Chamber, what the future may have in store in dangers arising in other parts of the world, but as long as the Americas present a united front there are no dangers that we cannot meet with positive assurance of our safety.

Once this solidarity is weakened, or exists only in the pretense and not in the spirit, our security is jeopardized and our future is uncertain.

The people in the smaller Republics are as humanly sensitive as the people in our own country. We have no right in the United States to interfere in the domestic affairs of any foreign country, and especially is it the part of folly to do anything which will occasion the thought in the smaller American Republics that we are attempting to dictate to them in matters which concern them exclusively as nationals of those Republics. In my committee, Banking and Currency, I argued against a provision in certain proposed legislation that would have given to the United States of America the responsibility of guaranteeing the stability of government in a sister Republic. To my mind that amounted to interference in the domestic affairs of a sister Republic.

I have read carefully the resolution that we are now considering. I am supporting it for a reason which I wish to make clear. If it were a resolution praising or condemning the government of a sister Republic I should have to consider whether that were within our rightful domain or whether it were a matter within the exclusive determination of the people of that nation. But this resolution covers something which is of concern not only to the United States of America but to every country and to every government on the American hemisphere. It is a re-affirmation of the Monroe Doctrine.

The Soviet Government has exercised its veto on the proposal to submit an American hemispheric question to the jurisdiction of a council of the States of the American hemisphere. In other words the Soviet Government is challenging the right of the states of the American hemisphere to settle problems that concern only the American hemisphere. The Soviet Government, in short, has challenged the Monroe Doctrine. To that challenge there can be but one response.

In December of 1895, when Great Britain in the matter of Venezuela had openly defied the Monroe Doctrine, President Grover Cleveland summoned the Congress of the United States into a special session. Great Britain then was Mistress of the Sea and in a sense ruled the world. Yet President Grover Cleveland said in his address to Congress that if Great Britain refused to recognize the Monroe Doctrine, and I quote his exact words:

> It will in my opinion be the duty of the United States to resist Great Britain by every means in its power as a willful aggression upon its rights and interests.

He continued:

> In making these recommendations I am fully alive to the responsibility incurred and keenly realize all the consequences that may follow.

Now, Mr. Speaker, let me refer to the Monroe Doctrine as defined by President Monroe himself. I am quoting now the exact words of President Monroe defining the Monroe Doctrine as accepted by President Grover Cleveland at the risk of war with the then all powerful Great Britain:

> We owe it therefore to candor and to the amicable relations existing between the United States and those powers to declare that we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety.

At the present time, Mr. Speaker, we are waging a cold war. It is a cold war between two ideologies. It is a cold war that has resulted in the loss of many precious American lives in Korea. I do not know that cold war is the proper term, but that is what it has been called. It is a conflict between two systems. Certainly it has been and is exactly that. Here let me again quote President Monroe:

> We should consider any attempt * * * to extend their system to any portion of this hemisphere as dangerous to our peace and safety.

Mr. Speaker, there can be only one answer to the veto of the Soviet Government to a proposition to refer a problem exclusively in the jurisdiction of the American Republics under our time-honored Monroe Doctrine to a jury of the American states. I shall support this resolution with the reservation that by so doing I am not commiting myself, and I am certain that my colleagues do not intend so to commit themselves, to any interference of any sort or nature in the domestic affairs of a sister American Republic.

The Monroe Doctrine is an essential part of American foreign policy. Our position today is unchanged from that in the days of President Monroe and the later days of Grover Cleveland.

Mr. JACKSON. Mr. Speaker, I move the previous question on the Senate concurrent resolution.

The previous question was ordered.

The SPEAKER. The question is on the Senate concurrent resolution.

Mr. HALLECK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 372, nays 0, not voting 62, as follows:

[Roll No. 89]

YEAS—372

Abbitt
Abernethy
Adair
Addonizio
Alexander
Allen, Calif.
Allen, Ill.
Andersen, H. Carl
Andresen, August H.
Andrews
Arends
Ashmore
Aspinall
Auchincloss
Ayres
Bailey
Baker
Barrett
Bates
Battle
Becker
Belcher
Bender
Bennett, Fla.
Bennett, Mich.
Bentley
Bentsen
Berry
Betts
Bishop
Blatnik
Boggs
Boland
Bolling
Bolton, Frances P.
Bolton, Oliver P.
Bonner
Bosch
Bow
Bowler
Boykin
Bramblett
Bray
Brooks, La.
Brooks, Tex.
Brown, Ga.
Brown, Ohio
Brownson
Broyhill
Buchanan
Budge
Burleson
Bush
Byrd
Byrne, Pa.
Byrnes, Wis.
Campbell
Canfield
Cannon
Carlyle
Carnahan
Carrigg
Cederberg
Celler
Chelf
Chenoweth
Chiperfield
Chudoff
Church
Clardy
Clevenger
Cole, Mo.
Cole, N. Y.
Colmer
Condon
Cooley
Coon
Cooper
Corbett
Cotton
Coudert
Cretella
Crosser
Crumpacker
Cunningham
Curtis, Mass.
Dague
Davis, Ga.
Davis, Tenn.
Davis, Wis.
Dawson, Utah
Deane
Delaney
Derounian
Devereux
D'Ewart
Dies
Dollinger
Dolliver
Dondero
Dorn, N. Y.
Dorn, S. C.
Dowdy
Doyle
Durham
Eberharter
Edmondson
Elliott
Ellsworth
Engle
Evins
Fallon
Fenton
Fine
Fino
Fisher
Fogarty
Forand
Ford
Forrester
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Gamble
Garmatz
Gary
Gathings
Gavin
Gentry
George
Golden
Goodwin
Gordon
Graham
Granahan
Grant
Green
Gross
Gubser
Gwinn
Hagen, Calif.
Hagen, Minn.
Haley
Halleck
Hand
Harden
Hardy
Harris
Harrison, Nebr.
Harrison, Va.
Harrison, Wyo.
Hart
Hays, Ark.
Hébert
Herlong
Heselton
Hess
Hiestand
Hill
Hillelson
Hinshaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holmes
Holt
Holtzman
Hope
Hosmer
Howell
Hruska
Hunter
Hyde
Ikard
Jackson
James
Jarman
Javits
Jenkins
Jensen
Johnson, Calif.
Johnson, Wis.
Jonas, Ill.
Jonas, N. C.
Jones, Ala.
Jones, Mo.
Jones, N. C.
Judd
Karsten, Mo.
Kean
Kearney
Keating
Kee
Kelley, Pa.
Kelly, N. Y.
Keogh
Kilburn
Kilday
King, Calif.
King, Pa.
Kirwan
Klein
Kluczynski
Knox
Laird
Landrum
Lane
Lanham
Latham
Lipscomb
Lovre
McCarthy
McConnell
McCormack
McCulloch
McDonough
McIntire
McMillan
McVey
Mack, Ill.
Mack, Wash
Magnuson
Mahon
Marshall
Martin, Iowa
Matthews
Merrill
Merrow
Metcalf
Miller, Calif.
Miller, Kans.
Miller, N. Y.
Mills
Mollohan
Morano
Moss
Moulder
Multer
Mumma
Natcher
Neal
Nelson
Nicholson
Norrell
Oakman
O'Brien, Ill.
O'Brien, Mich.
O'Brien, N. Y.
O'Hara, Ill.
O'Hara, Minn.
O'Konski
O'Neill
Osmers
Ostertag
Passman
Patman
Patten
Patterson
Pelly
Perkins
Philbin
Phillips
Pilcher
Poage
Poff
Polk
Preston
Price
Priest
Prouty
Rabaut
Radwan
Rains
Ray
Rayburn
Reams
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Rhodes, Ariz.
Rhodes, Pa.
Richards
Riehlman
Rivers
Robeson, Va.
Robsion, Ky.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Rooney
Roosevelt
Sadlak
Saylor
Schenck
Scherer
Scott
Scrivner
Scudder
Secrest
Seely-Brown
Selden
Shafer
Sheehan
Shelley
Sheppard
Short
Shuford
Sieminski
Sikes
Simpson, Ill.
Simpson, Pa.
Small
Smith, Kans.
Smith, Va.
Smith, Wis.
Spence
Springer
Staggers
Stauffer
Steed
Stringfellow
Sullivan
Taber
Talle
Taylor
Teague
Thompson, La.
Thompson, Mich.
Thompson, Tex.
Thornberry
Tollefson
Trimble
Tuck
Utt
Van Pelt
Van Zandt
Velde
Vinson
Vorys
Vursell
Wainwright
Walter
Wampler
Warburton
Watts
Westland
Wharton
Wheeler
Whitten
Wickersham
Widnall
Wier
Wigglesworth
Williams, N. J.
Williams, N. Y.
Willis
Wilson, Calif.
Wilson, Ind.
Winstead
Withrow
Wolcott
Wolverton
Yates
Yorty
Young
Younger
Zablocki

NOT VOTING—62

Albert
Angell
Barden
Beamer
Bonin
Buckley
Burdick
Busbey
Camp
Chatham
Curtis, Mo.
Curtis, Nebr.
Dawson, Ill.
Dempsey
Dingell
Dodd
Donohue
Donovan
Feighan
Fernandez
Gregory
Hale
Harvey
Hays, Ohio
Heller
Hillings
Holifield
Horan
Kearns
Kersten, Wis.
Krueger
Lantaff
LeCompte
Lesinski
Long
Lucas
Lyle
McGregor
Machrowicz
Madden
Mailliard
Mason
Meader
Miller, Md.
Miller, Nebr.
Morgan
Morrison
Murray
Norblad
Pfost
Pillion
Powell
Regan
Riley
Roberts
St. George
Smith, Miss.
Sutton
Thomas
Weichel
Williams, Miss.
Wilson, Tex.

So the resolution was concurred in.

The Clerk announced the following pairs:

Mr. Beamer with Mr. Chatham.
Mr. Hillings with Mr. Hays of Ohio.
Mr. Kearns with Mr. Barden.
Mrs. St. George with Mr. Fernandez.
Mr. Angell with Mr. Morrison.
Mr. Bonin with Mr. Machrowicz.
Mr. Busbey with Mr. Madden.
Mr. Miller of Nebraska with Mrs. Pfost.
Mr. Kersten of Wisconsin with Mr. Williams of Mississippi.
Mr. Krueger with Mr. Heller.
Mr. LeCompte with Mr. Buckley.
Mr. McGregor with Mr. Powell.
Mr. Mailliard with Mr. Camp.
Mr. Mason with Mr. Gregory.
Mr. Miller of Maryland with Mr. Holifield.
Mr. Curtis of Nebraska with Mr. Dingell.
Mr. Pillion with Mr. Dodd.
Mr. Horan with Mr. Dempsey.
Mr. Curtis of Missouri with Mr. Feighan.
Mr. Hale with Mr. Lesinski.
Mr. Norblad with Mr. Donohue.
Mr. Meader with Mr. Riley.
Mr. Dawson of Utah with Mr. Regan.
Mr. Harvey with Mr. Wilson of Texas.
Mr. Burdick with Mr. Lyle.
Mr. Weichel with Mr. Morgan.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AGRICULTURAL TRADE DEVELOPMENT ACT OF 1953

Mr. HOPE submitted a conference report and statement on the bill (S. 2475) to authorize the President to use agricultural commodities to improve the foreign relations of the United States, and for other purposes.

PERMISSION TO SIT DURING GENERAL DEBATE TOMORROW

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may sit during general debate in the House tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

JAKE ALEXANDER—VETO MESSAGE (H. DOC. NO. 457)

The SPEAKER laid before the House the following veto message from the President of the United States, which was read by the Clerk:

To the House of Representatives:

I return herewith without my approval, H. R. 1128 entitled "An act authorizing the Secretary of the Interior to issue to Jake Alexander a patent in fee to certain lands in the State of Alabama."

This private bill authorizes and directs the Secretary of the Interior to convey without consideration to Jake Alexander 160 acres of unappropriated public lands withdrawn from entry as part of the William B. Bankhead National Forest, Ala.

I feel that this special legislation is unnecessary because cases of this kind can and should be taken care of under existing law. Public Law 159, 83d Congress, broadened the Color of Title Act of December 22, 1928, specifically to cover claims similar to the one involved in H. R. 1128.

A basic requirement of the Color of Title Act is payment to the United States of the appraised value of lands patented thereunder. In this respect I feel that H. R. 1128 would discriminate against the interest of the United States, as well as other color-of-title claimants, by exempting this particular claimant from payment of any consideration.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 29, 1954.*

The SPEAKER. The objections of the President will be spread at large upon the Journal.

Without objection the bill and the message will be referred to the Committee on Interior and Insular Affairs.

There was no objection.

MUTUAL SECURITY ACT OF 1954

Mr. VORYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House

on the State of the Union for the further consideration of the bill H. R. 9678, with Mr. BROWN of Ohio in the chair.

The Clerk read the title of the bill.

Mr. RICHARDS. Mr. Chairman, I yield the balance of the time on this side to our distinguished minority leader, the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I am supporting this bill. I am not supporting it grudgingly; I am supporting it wholeheartedly.

I supported this program during former administrations. A change of administration does not change my principles.

I have been for a bipartisan foreign policy all along, and I am for a bipartisan policy in domestic affairs also, as long as that can be maintained and the minority maintain its principles. We who are in the minority, however, and are trying to be a loyal opposition, who are seeking to help those in authority perform their functions and make our country strong and keep it great, are put to a terrible strain at times. Some people high in this administration nearly every week are making statements about former administrations that really make the blood of some of us boil. Inane speeches and untrue things are being said when we, upon every matter of foreign policy that has been brought forward, have been going along, I think, with more unanimity than the majority party, and I do not say that in criticism. But I trust that in the future, especially when bills like this are coming before the House the following day, such leaders in the Republican Party as the Vice President of the United States may be a little more careful about the statements they make than was the Vice President of the United States on last Saturday night. I deeply regret it, because I want a united country to face that danger that I know this world faces today. If the people in this great democracy do not stand together, if we cannot agree to go in the same direction, then not only our country but this sad world will be in a mighty, mighty bad plight.

I want us to have friends in this world. I heard a great man stand in this place one time and say that the people of the United States were the most peaceable people in the world, but when aroused they were the most warlike; they would go to war nearer 100 percent than any other peoples upon the face of the earth and, if called upon, they were willing to meet a world in arms. I think they would be willing to do that now, but I hope and pray that we do not have to meet the world or any great sector of this world in arms alone. If we had not already done some things under the leadership of prior administrations, and the Secretaries of State, that have been so violently and unjustly criticized, we would probably be standing alone in the world today.

I supported the Marshall plan as did many, and a vast majority on both sides of the aisle. I am always glad when I can say a thing like that. They said at the time, "Why should we spend our money to help rehabilitate war-torn Europe?" Well, you know, France and Italy stood shattered, broken, at the end of World War II. Take a man in France, with her transportation destroyed, with her factories in ashes, sitting under what was his vine and fig tree, with hands willing to work to make a living for himself and those dependent upon him but with no work for his hands to do. That country had to be rehabilitated, because when the man whose hands are willing to work to support himself and those dependent upon him cannot do that under the government he has, he will vote for any change, because he cannot make it worse than to starve and freeze to death. If it had not been for the operation of these plans and this money that we expended, I regret to say, but in honesty I must say, that many of these countries would today be in the bosom of communism. Then they would not have been our allies in any sense of the word, in peace or in war. I am not going to criticize any of these friendly nations today, as I heard some of them criticised yesterday, to my deep regret. Take our great ally, who has been our ally since 1778, France. There is a country which has tried to maintain itself as a democracy. They have tried to be our friend. They want to be our friend today. But the people of the United States who talk lightly about France and Italy have never known what it means to have their country riven and torn and destroyed by the earthquake shocks of war. If we had had that condition in this country, we probably would look upon these matters in a somewhat different fashion.

Ah, my friends, I was here during World War I, when we went to war 100 percent, when we were willing to join the other countries of the world in preserving democracy. Then I saw us draw back into the shadows of isolationism. I saw a great President bring back a charter of peace to this country and it was spurned. That great scholar-statesman cried out at that time, "If this greatest of all democracies in the world does not join with other peace-loving peoples in the world to bring about a league of peace, this world will be shocked and torn by another and more devastating war in a quarter of a century." We did not join. At that time many people thought we could wrap two oceans around us and be safe and secure from attack from anywhere. But that war did come.

The President of the United States recommended money for defense and I stood in this well, as majority leader, in 1938, in 1939, in 1940, and even up until the fall of 1941, after I had taken the chair that my honorable friend from Massachusetts [Mr. MARTIN] occupies now, and pleaded for strength, saying that we would be drawn into this war, that it would cost us many billions more than it would have cost at that time to make ourselves strong, and that we would sacrifice the lives of untold numbers of American boys and girls; but our pleas were not heeded.

We were drawn into the war and it cost us in less than 5 years more than 400 billions of dollars to come out of that war victorious.

Do we want allies? We do and we must have them. And after they have been torn and broken by war and its devastation, they must have help from somewhere. I am willing to give it to them as I was before World War II. I am willing to spend some billions to help our allies and the other democracies of the world to be strong and stay strong.

I thought the Marshall plan money and I think this aid money is the best defense money that the United States of America has ever spent or can spend. It is not a question of helping somebody. It is not a question of a handout to somebody. It is a question of appropriating this money to some of these countries that are poor and cannot do it for themselves, to help them to get on their feet economically so that they can spend some money to keep themselves free, to help us and to help themselves remain free.

These are just a few thoughts that I wanted to leave with you before we begin reading this bill for amendment.

If this bill is amended with amendments that will tear and rend it, and not leave in it enough power or enough money to operate and carry out the purposes, then we might as well not perform this act or make this gesture.

I think I know, as many others in my presence know, the serious situation that faces us and all of the other democracies of the world. This earth of yours and mine is tinder. A match struck or a gun fired, one, in some part of the earth may bring a holocaust.

You know, when the ingenuity of man, the mind of man, which has the spark within it, starts out to make agencies of construction, and many great scientists and inventors have made for us and the world great agencies of construction, when that same mind, that same ingenuity, starts out to make an agency of destruction, it is just as efficient as it is when it starts out to make an agency of construction.

That is what we have done in this world. We have agencies of destruction that, if insane people turn them loose on the face of this earth, I fear may make that Biblical prediction come true, and this earth may be destroyed as if by fire. This civilization will cease, after 20 centuries of Christianization and civilization and following the example of the lowly Man of Galilee, who walked these shores 20 centuries ago and preached peace and good will. I fear, my countrymen, that when that war would be over there would be nobody left to build another civilization. I fear it.

I plead with you, therefore, to do the thing here today to preserve, protect, defend, and perpetuate not only this, the greatest democracy that ever existed in all the tide of time, but the other democracies of this unhappy, this distraught, and this dangerous world.

Mr. VORYS. Mr. Chairman, I am glad to yield the remaining 15 minutes of general debate on this measure to our able, distinguished and beloved Speaker, the gentleman from Massachusetts, Hon. JOSEPH W. MARTIN, JR.

Mr. MARTIN of Massachusetts. Mr. Chairman, it is a great privilege to speak here this afternoon following my dear friend, that great patriot, the gentleman from Texas and former Speaker of the

House, Mr. RAYBURN. He has told you with eloquence and with facts what grave problems face us today. I repeat, as he has said, there should be no partisanship involved in the legislation we are considering today. It involves the future safety of our country, and the world. In this crucial hour we must subordinate politics and personal prejudices for the larger objective—the security of our country.

I repeat, this bill comes before us in a critical period. The permanent peace for which we fought and sacrificed so much blood and so much treasure is still remote. We are facing dangers much greater than confronted us in two world wars.

A nation to which we have given so much assistance in the past now aspires to force its ideology of communism upon us and the whole world. Its deadly Red poison is spread through stealth, subversion, and infiltration. Where these methods do not work there is no hesitancy to resort to force.

The Soviet has demonstrated to the world that its pledged word is valueless. The record shows its promises are made only to be broken. The Kremlin talks of peace and at the same time seeks to destroy nations one by one.

How long shall we remain blinded?

The crisis is here. It is here now. This is the compelling reason why there must be no halt in uniting the free world in the struggle for liberty. Our safety depends entirely upon our strength. That is why we must spend billions for armament both at home and abroad. That is why it is absolutely necessary that we give our friends in Asia and Europe the materials to aid them in this fight for freedom. There is no other alternative unless we are to stand alone, which, of course, is unthinkable.

The greater part of the money provided in this bill will go for military aid. The economic assistance is smaller in amount but is still important. Economic aid is a most important factor in this struggle for freedom as we work to improve living standards and thereby make Communist promises less attractive.

Hungry people are more likely to accept the lying propaganda of the Soviets. To the starving, any change can be made to appear desirable.

These people do not stop to think that communism means slavery, that communism means the loss of all freedom and opportunity.

To aid in the banishment of starvation and misery is not merely a humanitarian obligation but an essential factor in this battle against communism.

I would be less than frank if I did not say we have been bitterly disappointed in some of the nations we have tried to help. Lack of appreciation is a human trait not unknown to men and women in public life. Most of us know the story of the constituent often the beneficiary of favors, who was campaigning against his erstwhile friend. The many favors of the past were recalled to him, and to justify his action the constituent simply said: "What has he done for me lately?" Some of our friends out in the world are probably saying today: "What have they done for us lately?"

We in political life, because of a few unhappy experiences, do not stop working for our constituents. We know that most of them are grateful.

The same situation exists in the international field. We do have friends, true friends, real friends, who are unafraid and upon whom we can count to stand with us in resistance against Communist aggression and tyranny to the end. These real friends must not be let down. They are essential if communism is to be stopped.

Most of the money in this bill will go to such peoples as South Korea, the Chinese Nationalists on Formosa, Pakistan, Thailand, Japan, Turkey, Greece, Spain, Israel, Yugoslavia, and Western Germany.

These people are not going to run up the white flag. They prize their freedom too highly, and, if necessary, they will fight for that freedom. It would be a great and unthinkable tragedy if we left them to stand alone. I know we will not. We are going to give them the hardware needed for their defense.

Aiding these people as we are doing in this bill greatly enhances the possibility for the honorable peace we all seek.

Real peace can come to Asia only if there is a strong free world. Strength is the only thing communism respects. It is the only thing that will stop the Reds from their goal of world domination. Real peace will never come through appeasement. We tried that before. What is true in Asia is also true in Europe. There can be no retreat while the Red flag of danger still flies.

There is one item in the bill over which some may have concern, and that is understandable. This item is aid to India. We have helped India a great deal, and we have had disappointments because this great Asiatic country did not appear to us fully cognizant of the realities of the situation.

Facing the Communist boundaries, the people of India naturally entertain some fears, and they want peace. They hoped, as indeed we did, for too long a period that we could live at peace with the Communists. Lately they appear to be entertaining some doubts. They now show interest in keeping the Asiatic countries free from Soviet domination. We must not throw away the chance of keeping India neutral and eventually lining up with the nations which must be thoroughly organized if Asia is to remain free.

Here is what may well be called a calculated risk. It is worth trying. After all, a leader may err, but there are millions of Indians who are strongly anti-Communist; and if we can help them improve their condition of life through our aid, the anti-Communist forces will multiply. It would, in my judgment, be a mistake to eliminate them from all aid at this time.

We have in Europe, as we do in Asia, dependable allies. These nations have ratified the EDC. We must insist upon the completion of this essential defense program, or else we must at once make alternative plans. The hour is already late—we have been too patient.

Timidity cannot hold us back from making it possible for West Germany to defend itself from any Communist attack. We have delayed too long already in giving full independence to West Germany.

Timidity must not hold us back from aiding other countries which seek to keep the lights of freedom burning. Pressing ahead boldly is the need of this critical hour. It is the only way we can win. Of course, there are risks; there is risk in anything that you might do; there is risk if you do not do anything. The best chance of avoiding war is to push boldly ahead. That will make it possible to have this great strong world.

There is considerable flexibility in this bill as to the use of money for Asia because of the chaotic situation in Indochina. The use of the money in Asia is left to the discretion of President Eisenhower. This is the course of wisdom. The funds should be spent where they can be most helpful in the battle to contain communism. We know we can trust President Eisenhower, charged as he is with the responsibility of our foreign affairs, to do this.

President Eisenhower knows the great dangers confronting the free world. He will direct the use of the funds judiciously, thereby guaranteeing us the maximum of defense.

Petty prejudices and petty politics are not for this critical hour. The future safety of our own Nation—yes; the fate of the whole free world—is at stake. Facing such a crisis, we must not falter. We must go forward with full trust in the divinity which shapes the destiny of man.

Let us pass this bill substantially as it came out of the committee. The committee has worked diligently on this bill for many months and its members have thoroughly studied the grave problems confronting our country in the international field.

Let us show conclusively to the world that we are not welching in the fight to stop communism. A strong, unafraid, free world cannot be defeated.

One final word. The passage of this authorization bill is not the final word. World-shaking events may well happen in the next few weeks. If we defeat or badly amend this bill, we are helpless to take advantage of future happenings. The wise course is to pass this bill with the full amounts recommended, and then we can take full advantage of what the immediate future brings forth.

I am very happy to be able to say these few words. I say them only because I believe it is a solemn obligation that I owe to the House and to our country.

We are all Americans. We have but one objective, and that objective is to bring the greatest security that is possible to America in this grave, critical hour. So I gladly support the bill and hope the House in its wisdom will sustain its reputation of the past and say that here we go forward unafraid.

Mr. WOLVERTON. Mr. Chairman, the bill now under consideration, H. R. 9678, purports to promote the security and foreign policy of the United States by authorizing assistance to friendly nations, in the amount of $3,470,000,000.

There is no doubt that with the unsettled condition that exists throughout the

world today, it is imperative that everything within reason should be adopted to make certain our national security.

It has been our policy to spend money in a lavish manner, during and since World War II, in an effort to strengthen our allies and gain their good will. The amount we have already expended has been of such huge proportions that it behooves us to give careful study and consideration as to what has been accomplished, whether the results justify a continuation of the policy indefinitely, and the effect on our own financial structure and welfare.

It is most appropriate, therefore, at this time to take account first of the tremendous sum that has already been extended. I am inclined to believe that the average citizen is not aware that during the World War II period, from fiscal year 1941 through 1945, inclusive, that we gave to foreign countries and their people a total of $59,869,639,312 of our money. This was money borrowed from our taxpayers as well as from taxes paid by them. The same is true of all the moneys I will hereafter mention. It is well to keep this fact in mind at all times.

After the close of World War II, during the fiscal years from 1946 through 1947, 1948, 1949, 1950, 1951, 1952, and 1953 we have appropriated and sent to foreign countries and their peoples a total of $55,207,451,624. Since fiscal year 1954 started and up to May 15, we have given to others in the form of foreign aid, $4,224,906,564. This makes a grand total spent for foreign aid of $119,301,997,500. These are Treasury figures and therefore accurate and true.

We have also given, in addition to that I have mentioned, aid to other countries through the World Bank and the Monetary Fund the sum of $3,385,000,000.

And, in addition to the above-mentioned amounts it is also well to realize that there have been interest charges to pay. Since July 1940, we have paid interest on the money we have borrowed to finance our foreign assistance program the sum of $18,606,524,210.57 up until May 15, 1954.

When we add all these figures together we find that the principal and interest total the stupendous sum of $141,293,521,710, since July 1, 1940.

How long, and how much more, we will will be expected to spend seems to have no immediate answer.

At first our expenditures were made to carry on World War II. This in itself was a staggering amount. Since World War II, in addition to the tremendous sums spent in the conduct of the Korean war, we have given immense sums, as I have shown, to each of our European allies to rehabilitate the destruction their industries and living conditions suffered as a result of the war. Today, these countries have been restored and their industries have reached a degree of production that far exceeds that of prewar years. All of this naturally raises the question—how much longer should we continue to give aid? We are all conscious of the innumerable ways the welfare of our own people could be improved by the expenditure in our own land of the funds we now send abroad to every corner of the world. While we as a people are always ready to answer the call for help, yet, when there is evidence that it is not appreciated by those to whom we give, and they show a disposition to question our good intent and purpose, is it not time to begin to think in terms of a reappraisal to determine how worthwhile is a continuation of our policy, or, is it necessary?

Today, we do not hear the need for rehabilitation advanced as a reason for our assistance as we once did. We now hear that it is necessary for us to assist in the building of a military bulwark against possible Communist aggression. We have given unstintedly of our weapons of war, and, billions of dollars to enable countries, not only in Europe, but all over the world to strengthen their military forces to fight off Communist aggression. And, yet, many of the nations whom we have assisted in this manner are continually seeking trade relations with Soviet Russia, and, in some instances, have secretly supplied it with strategic materials that could be helpful to it in time of war. Furthermore, notwithstanding our willingness to be helpful in this respect, and, in addition thereto, keep our boys on duty in Europe and in the far corners of the world to create a nucleus of an army to defend against aggression, yet, the very nations for whom we make the sacrifices are loath to build up or maintain defense armies of their own of sufficient strength.

During a recent trip around the world I was astounded to learn that in many of the countries, where we grant assistance, there was a feeling of wonder why we did it. It seemed at times as if they considered us as forcing our assistance upon them. And, as I have already said our motives of good will are too often misunderstood and even cause a feeling of resentment.

Every day there is some new evidence of unfriendliness exhibited toward us. Only a few days ago our flag was burned in a South American country by a mob, and an effigy of President Eisenhower likewise burned. Certainly there was no reason for this show of unfriendliness. Then, why is it, notwithstanding, our desire to promote peace and good will that there is abroad throughout the world this spirit of distrust toward us?

What course should we as a Nation pursue? This is no easy question to answer. There is so much information that has a bearing upon the condition of world affairs that the average person, including Members of Congress, do not have, that one feels at times as if groping in the dark. You have the desire to do the right thing. Your inclination might properly be to shut off all outside aid, and, tell the nations, supposed to be our allies, and, yet who show a desire to do business with Communist Russia, to go ahead and take care of themselves and we will do likewise, but, this in the long run may only be making trouble for our own people. However, there are times when I feel that much of what we now give away to countries all over the world could best be spent in building up our own security and that of the other nations of North, South, and Central America and make ourselves and other nations in this Western Hemisphere impregnable from foreign attack. But, even this may not give us the security we seek in this age of atom bombs, hydrogen bombs, and nuclear weapons of war that can be carried anywhere and everywhere at the speed of 600 miles per hour, and, wreck whole cities and their inhabitants with a single bomb.

The problem of deciding what our foreign policy should be in the matter of financial assistance becomes more involved it seems with each succeeding day. No sooner was there a cease fire in Korea than Communist aggression broke out in Indochina. As a consequence France calls upon us for additional aid to assist in carrying on its war in that country. This, notwithstanding the fact that we have already advanced many millions of dollars to this cause. When will there be a stop to calling upon us for aid every time a nation runs into trouble, even though it is its own fault as the case of France? It would seem as if Uncle Sam is the only one to whom they can go for help. Are our resources such that we can continually respond to these repeated calls without seriously endangering our own financial structure, or, at least seriously curtailing the welfare of our own people?

It is time to give the serious and careful consideration that the problem demands, especially in view of the fact that we do not seem to be building up good will or stemming the tide of aggression and war that accompanies it, by the policy we have been pursuing. The nations to whom we have given the most help seem at times to be the least dependable. France and Italy are weak in their allegiance to the cause for which we have contributed so much, and only within recent days we have been shocked by a suggestion of the Foreign Minister of Great Britain that we become footsie-tootsie with the Communists in southeastern Asia. All of this cannot help but make any thoughtful person stop and ask, Is it not time to review and reassess our give-away policy and make certain it is wise and expedient?

The situation that confronts us is most difficult. It is not easy to find a solution. We are told by our leaders who are grappling with the problem that it is necessary to continue our policy of aid. That if we fail to do so it will mean collapse of the whole structure that has been built up to sustain us and make strong our security. Of course, no one would want to bring on a calamity by a change in policy, yet how can we be sure that such would be the result or that if we do not continue our present policy that it might result in an even worse condition than now exists or that has been predicted.

The task of making a correct decision is made more difficult for the average citizen, including Members of Congress, because the information as to the real situation that exists in each of the nations of the world is not available to all. So much of it is of a secret character that it naturally only comes to those who are high in the policymaking departments of Government and, by its very nature, must be kept secret. Thus, it is necessary to accept in large measure the

viewpoint of those who are supposed to know the real facts. In this connection, I have confidence in the judgment and integrity of President Eisenhower. He has been a great military leader. He has more special knowledge of conditions abroad, and for a longer time, than any other person in our Government. He is honest. He is sincere. He is patriotic. He seeks to establish peace and avoid war. And, above and beyond all else, he has a firm belief in God Almighty. I have confidence in his leadership, his counsel, and his advice.

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Mutual Security Act of 1954."

TITLE I—MUTUAL DEFENSE ASSISTANCE

CHAPTER 1. MILITARY ASSISTANCE

SEC. 101. Purpose of chapter: The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

Mr. CHIPERFIELD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, before we consider amendments under the 5-minute rule, I would like to again call attention to some of the provisions of this bill.

The bill that the House is considering today is the culmination of almost 3 months of intensive study by the Foreign Affairs Committee. Whatever judgment Members may have on the measure, none can say we acted with undue haste.

This is as it should be if we are to discharge our responsibilities as legislators. This is a long bill—82 pages to be exact. When it first came to our committee, it was 95 pages—and then not complete. That in itself is evidence that the committee worked its will on the bill before reporting it to this body.

I could not have discharged my responsibilities as chairman of the committee had I not had the full cooperation of members of the committee. I want to record again my gratitude to my colleagues—Republicans and Democrats alike—who worked through long sessions to hear the testimony and to deliberate on the measure that is now before this body.

The amount we are asking the House to authorize an appropriation for is $3,440,208,000 which is slightly less than that requested by the Executive. Eighty-six percent of this sum is for military assistance in the form of military equipment and those other elements that go to make up a fighting force. We are equipping these forces, not as an act of gratitude, but as a means of adding their strength to ours.

Before President Eisenhower became President, he was the commander of the North Atlantic Treaty forces in Europe. He laid the groundwork for much of this program when he was a soldier. He believed in it then. He believes in it now. In his message to the Congress only the other day, he stated that "our mutual security program is based upon the sound premise that there can be no safety for any of us except in cooperative efforts to build and sustain the strength of all free peoples."

The remaining 14 percent—about a half billion dollars—is to carry out programs of a nonmilitary character. They cover many diverse activities; but all of them add up to buttressing the free world against the encroachment of communism. The reasons for this type of assistance are spelled out in the report I filed with the House. In that report is this observation:

It is necessary to recognize that many of these countries—

That is, those receiving nonmilitary assistance under this program—

if left to themselves would be the victims of Soviet subversion although they are not pro-Communist and although foreign domination is feared by them more than anything else.

This bill reflects the changing world scene in another way. Two years ago 73 percent of our foreign aid went to Europe and 14 percent to the Far East. In this bill only 27 percent is earmarked for Europe while 50 percent is for the Far East.

Each of us is often asked: How much longer is this going to continue? None of us is wise enough to answer that one. But, let me show the trend as embodied in this bill. This bill carries an amount 42 percent below that of 2 years ago. More significant, we have written in provisions that require that at least 10 percent of the money for military assistance and development assistance—and that's the "big money" part of the bill—must be in the form of loans. In the case of development assistance 50 percent must be on a loan basis.

Along the same line of cutting down on "free money" is a section called reimbursable aid. It is often forgotten that large quantities of military material are sold—not given away—by us. To date almost $700 million has been sold to our friends overseas.

It is my firm conviction that we must step up our programs that make possible loans and sales rather than mere grants.

Another feature that I find appealing because of my people back home is that dealing with surplus agricultural commodities. We do not want to disrupt our normal trade channels. On the other hand, we ought to convert that resource to serve this program. This bill requires that $500 million of the funds voted in this bill must be used to purchase surplus agricultural commodities. Many of the countries now receiving our aid are also consumers of our farm products. The local currency we get in return for our surpluses can go a long way toward helping other nations improve their military position.

These are some of the unique provisions included in this bill. I want the House to know about them because they represent a definite departure from the past. In the report I laid before the House Members all these matters are fully discussed.

Once we reached agreement on the substance of this bill, we turned our attention to the administration of this program. We cut out all the frills we could find. May I direct the Members' attention to page 4 of the report to which I have already referred. Our basic objective is laid down in these words:

The original foreign-aid programs were designed to meet a postwar emergency. The conditions which the original legislation was designed to deal with have changed substantially. There is a danger that the bureaucratic process perpetuates programs and operations previously begun which would not be started if the operation was just being initiated. This bill repeals all of the previous foreign-aid legislation and makes provision only for operations which are essential to present-day United States foreign policy.

Mr. MORANO. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the Mutual Security Act of 1954 is a test of leadership. The question posed by this legislation, which is being watched by the entire world, is whether or not the United States is great enough, strong enough, and courageous enough, to stand firm in its course for peace and security where others may seem to weaken. Shall we be weak where others are weak? Shall we waver because others waver? Shall we flinch because others do? These are questions which were answered by our forefathers many times during the course of the history of this Nation. But if our forefathers had weakened, if they had wavered, if they had flinched, there would be no America today. If we were to follow the course the doubters would have us pursue, we would abandon our leadership and cast aside this great moment of challenge.

At the very time the men in the Kremlin would choose to divide us from our allies, at the very moment that the free world is frightened as never before, at that moment, I say, is our American way being tested. If America stands fast now at this very moment of crisis, we will be dealing communism a major setback.

I know there has been much criticism of India, and I want to assure my colleagues that I share their concern over that country. India looks in one direction and then she looks in another, like a lost child, in almost a state of confusion, but India is an independent country and democratic institutions flourish in that country. Shall we abandon her now when she needs our help most? So, too, we must bolster our weakening allies; we must demonstrate to them that they can rely on us and that our promises and our policy have meaning for them as well as for us.

Finally, I wish to point out that leadership does not cower in the face of conflicts. We have conflicts and differences in our own Nation. We have conflicts and differences in this very House. Does this mean that we should suspend the Congress of the United States? No, we resolve those conflicts and those differences without imposing the will, one upon the other, and out of this process comes the great action of this great deliberative body. Let us do the same thing in our international affairs. Let us assume our leadership and let us not abandon it. The peace and security of the United States and of those who yearn for peace and security as we do demand this of us.

Mr. SMITH of Wisconsin. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, the distinguished gentlemen who have preceded me have left no doubt as to how they feel about this legislation. There is unanimity so far as the committee is concerned and so far as the Members of the House are concerned as to the real objectives behind this program, namely the peace and security not only of the United States but of the world.

Mr. Chairman, at the outset we should stop for just a moment and realize that at this moment there is in this fund the total sum of $9,749,500,000. I get this figure from the report of the majority on the committee.

The gentleman from Texas said that we ought to approve all the money that is being requested in this authorization because we might endanger the program. No one will deny the fact that so far as the money on hand is concerned it will run this program for 2 years. In view of the fact that we are in a real crisis today it seems to me that we ought to stop, look, and listen, and I believe delay final approval of this bill. A delay of 30 days will in no way hinder the program because of the large amount of unexpended funds on hand.

The news today states that India and the Chinese Communists have made a deal. It is also possible that France will capitulate in Indochina to these same Communists. So I caution delay at this time. It seems to me, Mr. Chairman, that it would be just good common sense if we decided that so far as the final appropriations are concerned in this matter, or the proposed final authorization, that we ought to give the world situation a chance to jell. It is in a chaotic situation at the present time.

Now, then, I call your attention to what I believe is a very salient fact, that in the time this program has been in operation, the administration has never been able to spend more than $5.5 billion per year. When you consider that fact and realize that we have almost 10 billion left, I see no reason why statements are made that if funds are denied at this time that the program would be in jeopardy.

Now, I have another fear, Mr. Chairman, and it is that the money in this program is not being administered judiciously. I do not want to be unkind, but it seems to me that we have today sufficient evidence to indicate that there is a lack of understanding as to the intent of the Congress when this legislation was adopted. I want to call attention to some important information that I have accumulated. We have, I think, as it is operating today, an international slush fund that is being used to throw around wherever the Administrator decides it should be used. For instance, it has come to our attention that $380,000 is going to be used in Indochina to make movies. They are sending some experts from Hollywood to Indonesia where they are going to give them technical advice, they say. The cost of that operation in Indochina is $239,940.

Just a few days ago one of the local newspapers carried the story that an arrangement had been made with the University of Maryland whereby $900,000 is going to be used in New Guiana. For what? Now, let me quote from this article:

> The administrators of the program say that British Guiana's development program is designed to correct conditions of unemployment, poverty, illiteracy, poor housing, and to establish the basis for a sound, progressive economy.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. SMITH of Wisconsin. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. VORYS. Mr. Chairman, reserving the right to object, and I certainly will not object to this request of my friend from Wisconsin, I think it is well known, however, that it is the plan of the leadership to conclude this 80-page bill today, and it is going to be necessary later in the day to probably limit debate on it. It will be much better if the Members do not ask too much time for the early part of the afternoon. I withdraw my reservation of objection, Mr. Chairman.

Mr. DIES. Mr. Chairman, further reserving the right to object, may I suggest to the gentleman that he move to dispense with the reading of the bill and save that much time and try to afford to the Members as much time as possible to discuss a very important bill. I withdraw my reservation of objection, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SMITH of Wisconsin. Mr. Chairman, we have this $900,000 item for this particular project that I have just mentioned.

Yesterday the newspapers carried an item to the effect that we are going to spend some $222,000 to set up a school system in Nepal. Nobody challenges the humanitarian aspects of that kind of a program or the desirability of it. But I recall that many Members of this House have taken the floor to tell about the deplorable conditions in their schools. Is that a sound program, with tax dollars of the American taxpayers? I doubt it very much.

Last November we had an unusual situation which I say was contrary to the intent of Congress. In this instance the Administrator authorized an expenditure of $20 million for locomotives to India, and, mind you, out of agricultural funds. That is what I called Operation Choo Choo; and that is what it was. And right after that we had Operation Santa Claus. We had the Administrator all dressed up like Santa Claus, in a red suit and a white hat and long whiskers. And what did he do? He proceeded to give out some Christmas presents in the form of food packages. It was a fine idea, but do you know what we spent on these Christmas presents? There were 5 million packages. That, again, had a worthy objective. But, I was thinking of some of my own unemployed in my district who did not get any food package from the United States Government at Christmastime. We spent $13,800,000 to distribute 5 million packages. There should be no more Santa Claus operations without specific congressional approval.

I do not want to seem petty in this argument. We want to do what is right. On the other hand, we have a responsibility to the taxpayers of this country. If you went to your taxpayers and said, "Is it all right if we take $13,800,000 and distribute these Christmas parcels all over Europe?" what do you think they would say?

So I say, Mr. Chairman, that while we want to give this bill fair consideration, I believe we ought to take out of it the boondoggling and we ought to take out of it the WPA part of it, and we ought to charge the administration with a strict accountability. That is the only way, that is the only atmosphere in which we should operate.

Under permission previously granted, I submit the following for the RECORD:

UNITED STATES HANDS OUT CASH FOR FILMS—GIVES INDONESIAN MOVIES $380,000 SENDOFF

(By Philip Warden)

WASHINGTON, May 27.—Harold Stassen's Foreign Operations Administration (FOA) is giving Indonesia $380,000 to establish a movie industry, Stassen's aides said today.

As a preliminary, FOA has brought at a cost of $140,000 some 19 Indonesia males to the United States for "studies" in Hollywood directed by the University of California.

FOA said it is costing the American taxpayers an estimated $4,000 for each of the 19 Indonesians to spend 6 months learning how Hollywood operates. FOA is giving $36,000 to buy movie equipment for these men.

GIVE TECHNICAL ADVICE

Seven other Indonesians are here for 3 months "to study our democratic free press" and our "dissemination of information."

Their trips also are costing the American people approximately $4,000 a man.

In addition, Stassen's staff arranged to send Louis de Rochemont, Cinerama director, and Lothar Wolff, producer of "Martin Luther," and seven of their assistants to Indonesia at a cost of $239,940 to provide "technical advice" to the Indonesians.

TAKE FAMILIES ALONG

Stassen's office said some of De Rochemont's aides took their families along. Their salaries of $132,600 came from aid funds. Travel costs for the men and their families totaled $39,000.

FOA AND UNIVERSITY OF MARYLAND SIGN GUIANA AID PACT, LARGEST OF ITS KIND

The largest contract of its type by the Foreign Operations Administration has been signed with the University of Maryland to provide technical aid to British Guiana during the next 3 years.

The $900,000 agreement was concluded yesterday by FOA representatives and Judge William P. Cole, Jr., chairman of the university's board of regents; Mrs. John L. Whitehurst, secretary to the board, and Dr. T. B. Symons, acting president.

A contingent of experts will leave almost immediately for the South American possession. Heading the group will be Prof. Carl W. Gohr, 5712 Ruatan Street, Berwyn, and Prof. Presley A Wedding, 4500 North Chelsa Lane, Bethesda, both civil engineers.

ANGLO-AMERICAN PLAN

FOA said specialists from the university will aid British Guiana in a comprehensive economic and social development plan on which that country and Great Britain will spend $25 million in the next 2 years. Additional funds are to be provided later.

Dr. Symons saw the work as a "missionary movement" designed to benefit both the United States and the South American country.

"British Guiana's development program," the FOA announcement said, "is designed to correct conditions of unemployment, poverty, illiteracy, and poor housing and to establish the basis for a sound, progressing economy."

ANSWER TO COMMUNISM

"Successful implementation will be a forthright answer to the Communist forces which have exploited existing conditions in an attempt to obtain political control."

FOA recalled that Great Britain suspended a newly proclaimed constitution in British Guiana after reporting that Communists had attempted to gain control of the country last year.

The university will train some Guianans as technicians. A staff averaging 18 persons will be maintained in Guiana by the university.

FOA said the development program is expected to increase the national income of British Guiana by 20 percent in the next 5 years.

POINT FOUR PROGRAM TO AID NEPAL SCHOOLS

KATMANDU, NEPAL, June 28.—Nepal and the United States yesterday signed a technical assistance program designed to develop the primary schools of this tiny Himalayan kingdom.

Under the pact, the United States will contribute $222,000 to build and equip schools and train teachers and the Nepalese Government will provide another $147,000.

[From U. S. News & World Report of July 2, 1954]

NEWSGRAM

At the halfway mark in 1954, looking ahead over the second half year:

War threats will recede more. Talk of deals with Communists will grow.

Indochina, in big part, will be handed over to communism. Communist conquests in Europe and Asia will be confirmed and accepted by United States allies.

Anti-Americanism will grow in popularity almost everywhere.

United States, anxious to help, will be pushed back, somewhat isolated. There'll be a play to Russia instead, a try for neutrality between the United States and Russia.

Americans will discover that $60 billion in aid didn't generate confidence in United States leadership.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 1, section 101, after "security", strike out the remainder of the line, and on page 2, line 1, strike out the words "United Nations"; and on page 2, section 101, line 22, after the comma strike out the remainder of the line, and in line 23 strike out the words "Charter of the United Nations."

Mr. GROSS. Mr. Chairman, this is a simple amendment. On page 1 of the bill we find this language:

The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations.

At the bottom of page 2 we find the following language:

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations.

I have offered this amendment because it is utterly inconceivable that any spending or action contemplated by this bill should be predicated in anyway whatever upon the whims and caprices of that glorified debating society known as the United Nations.

Moreover, there is almost universal agreement that the United Nations Charter must be revised if even a false front of effectiveness and respectability is to be given this organization.

I point out to you that only a few moments ago this House passed by a unanimous vote a resolution dealing with the Gautemalan situation because the United Nations could not deal with it. The United Nations could not deal with it because of the charter of the United Nations. Yet here you are saying in this bill today, and expecting us to swallow it, that we should predicate this entire handout program on the charter of the United Nations.

In this bill we are asked to be consistent with the charter of the United Nations, which is recognized to be inconsistent and ineffective in the field of international relations.

Mr. Chairman, I refuse to be a lickspittle to inconsistency, and I trust the amendment will be adopted.

Mr. JONAS of Illinois. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Illinois whose consistency with respect to this kind of legislation is never in doubt.

Mr. JONAS of Illinois. I take it that the gentleman is aware, after reading the whole bill, that it is fairly replete with high-sounding platitudes and oratorical outbursts, and that it all has a specific purpose. Your observation is just one of many that I consider as irrelevant matters intended to dress up this bill to delude and mislead the American people.

Mr. GROSS. I appreciate the statement of the gentleman from Illinois.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the language which the gentleman seeks to strike has been in this legislation for 5 years. This year our committee appointed a very able subcommittee, headed by the gentleman from Wisconsin [Mr. SMITH], which carefully reviewed the language in previous purpose clauses. They felt it was most important at this time that we reaffirm the purposes that appear in section 101 and that we reaffirm our purpose of seeking a joint organization in the Far East consistent with the charter of the United Nations. The committee supports that position. We are a member of the United Nations. We are using the United Nations so far as it is possible as a part of our policy to achieve international peace and security. The purpose clause, if you will read further, states that the additional efforts are necessary. Having reviewed this language which has been in our statute for 5 years, our committee feels very strongly it would be most unwise at this time to attempt to scrap our United Nations policy by this sort of amendment. Therefore, Mr. Chairman, I hope the amendment offered by the gentleman is defeated, and I trust that we can dispose of the pending amendment at this time.

Mr. JOHNSON of California. Mr. Chairman, I ask unanimous consent to extend my remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JOHNSON of California. Mr. Chairman, I believe this bill to be a good bill, and I shall support it. The matter of a foreign-aid bill is not a partisan problem. In the past the decision of what we shall do with respect to foreign aid had always been decided without reference to party lines.

Why is foreign aid necessary now? It is because the world is still in chaos. One portion of the world is bent upon a program of aggression and domination. The Soviet Union started its expansion program promptly at the end of the war. Although she was our ally, she immediately renewed the program upon which she had been working since the overthrow of the Kerensky regime in 1917. I need not go into detail, as the facts are well known. Perhaps the first indication of her determination to take over where possible and to expand her influence and power over other countries was when the Soviets demanded that they be permitted to capture Berlin and her refusal shortly thereafter when the Soviets refused to permit Berlin to be controlled jointly. She refused, and Berlin was divided into four parts, each controlled by a separate nation. Theoretically, that looked good, but the Soviets refused to cooperate with the others.

Immediately upon the termination of the shooting in Europe a group of the Armed Services Committee went to Europe to study DP problems, surplus-property problems, and other problems that would arise during the postwar period. There we learned that the Soviets had trained a number of persons in Moscow in the art of using Communist techniques in subversion, taking over labor unions, and even taking over a country. One Sunday morning the gentleman from Florida [Mr. SIKES] and myself went to the Roman Forum and there listened to a speech by Palmiro Togliatti. He was just back from Moscow and was preaching to a throng of about 15,000 the virtues of communism.

This drive to take over and dominate has continued down to the present moment. Vast territories have come under Communist domination.

France and Italy were saved by the Marshall plan. Others were engulfed, until finally the Soviets controlled a great part of central Europe. That program has continued down to the present, and in the postwar period a great part of Asia came under the Communist banner, some freely and others through subversion.

The world today consists of two distinct parts—the Soviet world and the free world. To any person who reads, it is obvious these two groups could collide. In this scientific age, if these conflicting groups come to grips, it is obvious that both could be practically annihilated. Why is this? Fast planes and deadly weapons in the control of a country dedicated to world conquest could make a surprise attack that might be almost fatal. Consequently we have built a military force, the greatest in all the world, with an arsenal of weapons unequaled by anyone now. We have determined that representative government shall not perish from the earth, so we have taken steps to unite the free countries of the world for our mutual protection.

We only intend to use this power in defense. We pray we will never have to use it but we feel we must be properly prepared to protect ourselves and our associates. Even a dictator cannot take a chance on being defeated and destroyed. So we feel that our power plus our unity with free countries may act as a deterrent. Behind our military power potential, we may be able to convince those who wish to practice subversion that it may be best to negotiate for a peace.

Even the dictators, as well ourselves, now realize that a military conflict today may bring total destruction. That sobering thought may penetrate the mind of dictators.

In addition to our military arsenal we have in the free world a good part of the resources necessary and useful for both peace and war. We have more know-how, more ingenuity and we have a free people who know how and are willing to fight for their freedom and their institutions. What we are trying to do is to stiffen the military posture of our associates. It has been my great privilege to make official visits to almost every MAAG—Military Assistance Advisory Group—in the world. I can testify that they have done good work. It is unfortunate that in a world where there could be plenty for everyone; where popular government should flourish, and where it should be possible to adjust international differences, that we should be required to build up the military potential of these nations. The kind of a war that might be precipitated in this world would result in world murder. I think we should organize so that the outlaw nation, just like the outlaw citizen, can be put under restraint for the protection of the peaceful nations or the protection of law-abiding citizens.

In these extensive travels I have found that in almost every place I have been there is great respect for our country. This bill will move in that direction. I deny that we are universally hated. The present situation shows what wars—of the orthodox type—can do to the world. France, England, and other countries who are cooperating with us have been made prostrate by war. They simply cannot have another war, although they are now spending about as much of their taxes, proportionately, as we are.

This bill will move the world toward peace, even though it may be slow. We do have an international forum now, where the woes of the countries may be aired. We at least can quarrel with each other, but more, we may come to better understand and respect each other. After the fiendish destruction of World War II, it is only natural that much time will be required to bring the nations, who suffered, back to a more normal life. When we protect and help those free countries who are in that situation we are helping perpetuate and strengthen free government and private enterprise. If freedom can ultimately prevail our money will be well spent.

The man who will have the key spot in developing such a world will be President Eisenhower. He has been trained for the specific job. He believes in this program and our people practically unanimously believe in President Eisenhower. This bill should pass by a wide margin.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

IT WOULD NOT HAVE HAPPENED IF THE FINDINGS AND RECOMMENDATIONS OF THE DIES COMMITTEE HAD BEEN HEEDED

Mr. DIES. Mr. Chairman, since World War II, communism has cost the United States thousands of lives and billions of dollars and the end is not in sight. No one can predict the outcome. There may be another world war far more destructive and devastating than any war in history. Russia has welded the manpower and resources of nearly one-half of the earth into a single unprecedented striking force. All Asia may fall beneath the iron heel and mailed fist of Communist dictatorship. Europe is vulnerable because of disunity and reluctance to pay the price of survival. Communist fifth columns are strong and active in France and Italy and a beachhead has been established in South America.

This situation was caused by the failure of the United States to grasp the fixed purpose of the Kremlin to conquer the world and to understand the tactics employed for the accomplishment of this purpose. On January 3, 1939, the Dies committee unanimously submitted its first report to the Congress and the executive department. Among other things, the committee found:

> We have shown that communism is a worldwide revolutionary movement aiming ultimately at the setting up of a world union of Soviet Socialist republics. This is a proposition which is beyond dispute. It is substantiated by voluminous literature of the Communists themselves.
>
> In this plan for world revolution, the Communists have omitted no country or people as too small or insignificant to command their attention. They have, on the other hand, taken the logical position of concentrating their attention upon the richest and most populous countries of the earth. Among these the Communists recognize the United States of America as the foremost. The Communist's conquest of the earth will be far less than complete until it has conquered America and destroyed our free institutions.
>
> It follows logically from the Communist International's plan of world conquest that every possible tactic, device, maneuver, and intrigue would be employed to gain such an end as the communization of America. These tactics, devices, maneuvers, and intrigues are both boldly open and patiently subtle, both violent and insidious. The tactics and maneuvers for revolutionary ends are the meat and drink of a Communist. They are the very air he breathes.

If our Government had heeded this finding of the Dies committee it would not have made enormous concessions to Russia at Yalta and Potsdam. Our Government would not have permitted Russia to occupy the Balkan States when it would have been a simple matter for our armies to occupy these countries, including Germany, weeks before the Russians could get there. Our diplomats would not have agreed to give Russia a strong foothold in eastern Europe. They would not have accepted the American Zone of Occupation in Berlin without requiring means of ingress and egress. They would not have agreed to permit Russia to dismantle the industries in the Balkan States and remove them to Russia. They would not have surrendered millions of helpless people to Communist domination. They would not have agreed to surrender valuable rights in Manchuria to the Communists, thereby enabling them to establish a beachhead for the conquest of China. It was these postwar concessions which enabled the Soviet Union to emerge from a third-rate power to the position of a world menace, and if our Government had heeded the findings of the Dies committee, it would never have made these concessions.

Another cause of the Communist menace was the theft by Communists inside our Government of our military, diplomatic, and scientific secrets and the influence which these same Communists exerted upon our foreign policy. If we could have retained these secrets, such as the A-bomb and the H-bomb as well as many others, it would have been a long time before Russia could have acquired them and thereby neutralized the tremendous advantage which the exclusive possession of these secrets gave us. If the Communists could have constructed the A-bomb and the H-bomb,

they would not have gone to such pains to steal them from us. As long as the United States had the exclusive possession of these secrets, Russia was stalled in her campaign for world conquest. The moment, however, she was able to secure these secrets through theft, her machine was able to resume its strides toward world dominion. Long before these secrets were stolen, the Dies committee named the Communists on the Federal payroll and urged their discharge. In its report filed on January 3, 1939, the Dies committee found:

The Communist Party has penetrated the Government itself, with the result that some Communists hold key positions in Federal agencies and projects.

In the report of the Dies committee dated January 2, 1943, are the following findings:

Since the committee's creation in 1938, there has come to its attention from time to time the presence in the Federal Government of high-salaried employees who were prominently and definitely identified with communism and its front organizations. Many of these cases were promptly called to the attention of the President, the Congress, and the departmental head concerned by either the committee or its members. At this point, the committee would like to cite a number of examples where this procedure has been followed.

On October 25, 1939, the committee made public the names, positions, and salaries of some 563 Government employees located in Washington, D. C., who were members of the American League for Peace and Democracy. In three reports which this committee has made to the House, it has found the American League for Peace and Democracy to be a Communist-front organization. It will be recalled that Earl Browder was vice president of the organization. Furthermore, the Attorney General, Mr. Francis Biddle, has branded the American League a subversive organization, in language as strong as any used by this committee in its characterizations * * *.

On September 6, 1941, the chairman of this committee wrote the President a letter, accompanied by 43 exhibits, detailing the Communist affiliation and background of the following officials of the Office of Price Administration and suggested that they be dismissed from their positions: * * *

On November 18, 1941, the chairman of the committee wrote a letter to James Lawrence Fly, Chairman of the Federal Communications Commission, calling his attention to the fact that the committee had a considerable file revealing the Communist affiliations of one Goodwin Watson who had just been appointed Chief Broadcast Analyst of the Federal Communications Commission. * * *

On January 15, 1942, the chairman of the committee, in a speech on the floor of the House, called attention to the presence in the Office of Facts and Figures of one Malcolm Cowley, chief information analyst, at a salary of $8,000 per annum. The chairman inserted in his speech the record of Malcolm Cowley, which showed 72 affiliations with the Communist Party and its front organizations. * * *

On November 28, 1941, in a speech on the floor of the House, the chairman called the attention of the Members to the case of Gardner Jackson, principal economist in the Department of Agriculture at a salary of $5,600 a year, and included in his speech the Communist record of Gardner Jackson. * * *

On March 28, 1942, the chairman wrote a letter to the Honorable Henry A. Wallace, Chairman of the Board of Economic Warfare, and called his attention to the Communist affiliations of eight of its employees. * * *

Pursuant to this request, the committee on October 17, 1941, sent to the Attorney General the names of 1,124 Federal Government employees who were members of organizations which this committee obtained largely by subpena and has been identified and authenticated by the officials of the organization involved. All of the committee's files were immediately made available to the Attorney General and his investigators who were charged with carrying out the mandate of Congress as contained in this act.

Thus, it will be seen that before World War II the Dies committee had furnished the executive department with the names of more than 1,000 Government officials and employees who belonged to organizations which the committee and the Attorney General had found to be Communist controlled and subversive. Included in this list were the names of Alger Hiss, Harry Dexter White, and Harold Glasser. These people were kept on the Government payroll for at least 10 years after they were exposed, and the theft of our military, diplomatic, and scientific secrets was made possible because of their presence on the Federal payroll. Furthermore, these Government officials greatly influenced our foreign policy in favor of Russia. They were largely responsible for the policy of the Government which coddled and protected Communists at home and abroad. If they had been fired promptly after they had been exposed from 1938 to 1941, Russia would not have been able to steal those enormously important secrets which upset the balance of power throughout the world and brought us close to another world war.

Another cause which contributed to Communist success was the failure of our Government to deport and exclude Communist aliens. In 1932, my bill to deport and exclude Communist aliens passed the House of Representatives but was stymied in the Senate by the liberal bloc headed by Senator La Follette. At that time, there were only 20,000 Communists in the United States and 90 percent of them were aliens. If my bill had become a law, these Communists would have been deported and the thousands who came after 1932 would have been excluded. The Communist conspiracy would have been nipped in the bud.

In the committee's report filed on January 3, 1939, is the following finding:

The committee received considerable evidence of the activities of Communist, Nazi, and Fascist aliens in the United States. It does not seem that these aliens experience any difficulty in entering the United States or remaining here after entrance. A large part of un-American activities is inspired and carried on by these aliens. Some of them are direct representatives and agents of foreign governments. All of them are engaged in fomenting discord, stirring up trouble, and spreading foreign ideologies. Some of them occupy important positions in other organizations and are able to wield considerable political influence. * * *

The committee believes that it will be difficult to ever cope with un-American activities and propaganda in this country so long as the Department of Labor follows its present policy with reference to deportation. The laxity with which the Department of Labor deals with alien agitators would be unbelievable if we did not have before us the most convincing proof. We believe that a more thorough and careful investigation will reveal the presence of scores of Fascist, Nazi, and Communist aliens, who could be and should be deported, if the Labor Department would proceed against them in accordance with the laws of the land.

We further believe that the failure of the Labor Department to carry out the laws with respect to deportation is a contributing factor to the widespread activities and propaganda carried on by un-American elements in the United States.

We further believe that greater care should be exercised in permitting aliens to enter the United States to the end that aliens who believe in or advocate communism, fascism, and nazism will be excluded.

It must be remembered that under the decisions of our courts, aliens occupy the status of guests and Congress can pass any laws with respect to their deportation that it sees fit. It is unthinkable that these aliens should be permitted to abuse their guest privileges with immunity. The evidence discloses that some of these aliens are actually supported by the tax money of loyal and patriotic American citizens. This is an intolerable situation. We recommend that the evidence and testimony in the record with reference to the activities of alien agitators be read in order that there may be a full appreciation of the seriousness of the situation.

In the committee's report filed January 3, 1940, we recommended:

The mandatory deportation of aliens who advocate any basic change in the form of our Government; the enactment of legislation to stop all immigration from foreign countries that refuse to accept the return of their nationals found under American law to be deportable from this country.

Notwithstanding these findings and recommendations of the Dies committee, Communist aliens were permitted to remain in the United States and hundreds of Communist aliens were permitted to enter the United States. If they had been deported and excluded in accordance with the recommendations of the Dies committee, the Communist conspiracy in America would have been destroyed before it was able to accomplish its mission.

Another cause of Communist strength and success in the United States was the infiltration of labor unions and seizure of control. Through these labor unions Russia was able to wield great political influence. These unions had the balance of power in some areas. Through these unions the Communists were able to instigate many political strikes which paralyzed production and spread disunity and class hatred. In its report filed January 3, 1939, the committee found:

The Communist Party is boring from within labor unions on a wide scale, seeking to dominate or wreck the unions for purposes that are alien to the interest of organized wage earners. It deliberately projects violence in labor disputes for the purpose of training a revolutionary group in the tactics of civil war. It seeks to sabotage and cripple our economy on every possible front, with the view to its profiting by the resulting economic crisis.

In its report filed on January 3, 1940, the Dies committee found:

On the basis of the evidence submitted, we find Communist leadership entrenched in the following organizations: National Maritime Union; United Cannery, Packing, and Allied Workers; Federation of Architects, Engineers, Chemists, and Technicians; Fur Workers International Union; International

Longshoremen and Warehousemen's Union; Transport Workers Union; United Office and Professional Workers' Union; American Communications Association; United Electrical, Radio and Mechanical Workers of America; and the United Furniture Workers of America.

In its report filed January 2, 1943, the Dies committee found:

In the early part of 1941, a wave of sabotage strikes in American defense industries reached its highest point. From the very beginning of these strikes, this committee pointed out that these menacing workstoppages were led by known Communists and that the Communist Party's program called for just such treasonable interference with this country's military and industrial preparedness. The damage done by these strikes was incalculable.

We called upon the CIO to expel these unions from their organization. Ten years later the CIO took this action. We asked that these organizations be denied any rights under the National Labor Relations Act.

Another cause for Communist success in the United States was the infiltration of educational institutions. In its report filed January 3, 1939, the Dies committee found:

The Communist Party is unusually active in our schools, both openly and subtly insinuating its propaganda into the minds of students.

In its report dated January 3, 1941, the Dies committee recommended as follows:

Withhold all Federal financial support from any educational institution which permits members of its faculty to advocate communism, fascism, or nazism as a substitute for our form of Government to the student body of these educational institutions.

If this recommendation had been adopted, educational institutions would have been compelled to expel Nazis, Fascists, and Communists from their faculty. This would have struck a telling blow at the Communist conspiracy.

After my bill to deport and exclude Communist aliens was stymied in the Senate, instructions went forth to all Communist agents to become naturalized. Most of them complied with this instruction for fear that Congress would enact my bill or similar legislation and they would be deported. Therefore, in the committee's report dated January 3, 1941, we recommended as follows:

We recommend that the statutory period during which citizenship papers can be revoked under existing law be extended to at least 10 years.

If this recommendation had been followed, our Government could have revoked the citizenship papers of Nazis, Fascists, and Communists and deported at least 90 percent of them.

A contributing cause to the growth of the Communist conspiracy in the United States was the ease with which Communist agents were able to travel to and from the United States. In its report dated January 3, 1945, the committee recommended:

Due to the fact that the committee has discovered that many members of foreign-controlled organizations have traveled on American passports which have been fraudulently obtained, the committee feels that the statute of limitations should be extended from 3 to 7 years. This is made necessary because of the unusual difficulty in apprehending those who resort to the use of fraudulent passports within the period of 3 years.

The most important recommendation made by the Dies committee during the 7 years of its existence was the recommendation contained in the report of 1941 that foreign-controlled organizations be outlawed. It reads as follows:

The enactment of legislation to outlaw every political organization which is shown to be under the control of a foreign government. As long as these organizations have a legal status in the United States, it will be difficult for any agency of the Government to deal with them. We now know that they furnish the legal apparatus for the operations of saboteurs and the window dressing for espionage. The committee believes that legislation can be worked out to outlaw such organizations and that this will in no sense constitute a violation of the Bill of Rights, since such legislation would only affect organizations controlled or directed by foreign countries.

Mr. Chairman, had this recommendation been adopted in 1941, the Communist conspiracy would have been dealt a deathblow. In its 1939 report the committee found:

The Government, by use of the provisions of the wartime legislation, drove the Communist Party underground, where it remained in an illegal status until 1924 when the repeal of the war measures and the consequent halting of Government activities by the agents of the Department of Justice permitted it to reappear. The Communists came more and more into the open until today they flaunt their revolutionary activities throughout the country. Since 1925 the Department of Justice has had no power, no authority, or no funds from the Congress to investigate Communist propaganda or activities. During the period that the Department of Justice had actual authority, the Communist Party was driven underground where it could not function successfully. Just so long as the agents of the Department of Justice were active, the movement remained comparatively stationary and innocuous. At the present time the Communist Party of the United States is thoroughly and highly organized, nationally and locally, and is extremely active.

In other words, Mr. Chairman, we have tried the method of outlawing the Communist conspiracy and the result was very satisfactory. Based upon our careful study of what happened during the 4 or 5 years that the Communist conspiracy was outlawed, our committee reached the unanimous finding that the only way to deal successfully with the Communist fifth column in America was to outlaw foreign-controlled and directed political organizations, such as the Communist Party and its frontal organizations. Since it proved highly successful during the 4 or 5 years it was tried, the committee felt that we should return to that method. To this day, Mr. Chairman, we have been unable to get this Government to take this necessary action.

I have a bill pending before the Judiciary Committee to outlaw the Communist Party and its various components of subsidiary, auxiliary, and frontal organizations, but the committee has not yet reported it. If our recommendation had been followed in 1941, we would not be confronted today with this great threat.

Mr. Chairman, before concluding this speech I would like to read a few excerpts from my book, the Trojan Horse in America, which was published in the early part of 1940 by Dodd, Mead & Co. On page 354 I said:

It should, however, be stressed that the Government itself has played an important role in the growth of communism by providing Communists with jobs and opportunities for recruiting members and fellow-travelers. There are few subversive organizations in America which cannot produce letters of endorsement and encouragement from prominent Government officials. All of this is a form of feeding the Trojan horse. It can be ended promptly and effectively by those in Government who have been responsible for it.

On page 362 I said:

These leftwingers are scattered throughout the Government service and occupy key positions which enable them to oppose any efforts to combat the fifth column. They themselves are too deeply compromised to permit any vigorous action against the Trojan horse organizations with which they have been affiliated. They do not understand that liberty and the Bill of Rights cannot survive the destruction of the American economic system. It is this group in the Government that constitute the spearhead of the Trojan horse movement in this country. Until they are removed from their positions, we may expect at best only half-hearted and ineffectual action. They do not believe in the system of free, private enterprise, and if they had their way it would have been scrapped already.

On page 363 I said:

The issue is before the President. He must take the initiative in performing this necessary task in the interest of adequate preparedness.

The President cannot supply the leadership on which our national security rests until he inaugurates a thorough and a genuine housecleaning in Government service. This is the plain truth and to deny or avoid it may prove fatal in the end.

The President must surely realize by this time that his leftwing followers in the Government are the fountainhead of subversive activities.

Whether or not we can develop courageous leadership in this country remains to be seen. It depends upon an awakening of the people. The totalitarian psychology of communism and fascism has taken root in the minds of many of our people. It must be eradicated before the Nation is prepared to defend itself against the assault of totalitarianism.

Mr. O'KONSKI. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I wish to follow through with what the distinguished gentleman from Texas has just said, that the leaders of our Government not only ignored the findings of the Committee on Un-American Activities but in fact they did exactly the opposite. Instead of suppressing, and instead of stopping the onward rush of communism throughout the world, they went in exactly the opposite direction and financed the growth of communism throughout the world, to wit, the granting of $13 billion of lend-lease material to the Soviet Union.

I remember when the Russians had butter running out of their ears and

they were using it for axle grease, so concerned were we about the welfare of communism, while at the same time we were rationing butter in the United States of America.

When we were delivering this material to them the Americans who delivered that war material could not even step off of the boat to find out what they were doing with the material.

In other words, I submit to your consideration that it is exactly the foreign-aid programs of the United States that got us into the mess that we are in today. If we had not given the Russians the $13 billion worth of lend-lease during the weeks when MacArthur was stranded in the Pacific and could not get anything, we would not have the Russians to contend with today.

I want to bring it more up to date. If it had not been for American aid given to Ho Chi Minh in China during the war in 1944, to be specific, we would not have the Indochinese war going on today. It is American foreign aid that started Ho Chi Minh on his Communist conquest of Indochina. He was sought out by the American Office of Strategic Services, Communist infiltrated to the core. We took war materiel that was supposed to go to fight our enemy, and we gave it to Ho Chi Minh. He used this American aid to start the Communist conquest of Indochina. If it were not for the American foreign aid program to Ho Chi Minh, the greatest Communist leader in China at the time, sought out by the American Office of Strategic Services, if Ho Chi Minh had not gotten American dollars and American war materiel, today we would not be faced with the necessity of appropriating approximately $2 billion in carryover funds and in new money to stop the man that we started with our money in Indochina and in China in 1944.

So I submit for your consideration and carry on from where the eminent gentleman from Texas left off. We did not heed the advice of the Committee on Un-American Activities in 1938 and 1940, but instead we went in exactly the opposite direction and opened the bank of the United States of America to finance this Communist intrigue all over the world.

If it were not for these American foreign-aid programs which financed the Communists from 1941 through 1947, we would not be in the mess, in the jam, we are in today. I submit for your consideration that after we spent these billions of dollars to aid communism now we are called upon to spend billions of dollars to stop them.

To me that does not make sense, and I am kind of tired of the same people who got down in the well of the House over here in 1941 through 1947 and said: "We have got to give this money to Russia, we have got to give this war materiel to Russia, we have got to give this materiel to Ho Chi Minh," these same people who said at that time, "We have got to help the Communists through mutual security for our own protection" and now are coming down the aisle and saying, "My God, we made a mistake. Now we have got to appropriate equal billions of dollars to stop the sons-of-guns."

That is the situation we have here today. I am of the opinion that these people who were all out for financing communism from 1941 to 1947 should not tell us what needs to be done now, because they were in error then, and the methods they are pursuing here are just as much in error now.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, when the roll is called, my vote will be cast today as it has been for, oh, all of the years legislation of this nature has come up, that is, against the bill.

The gentleman from Texas gave us a rather accurate story of what has been happening. We get nowhere by pointing to previous mistakes, except as we profit by those mistakes and not do the same thing over again. It is all right to make a mistake once or twice, but we should not let it become a habit. That we have done. We have not only wasted billions, but, as the gentleman from Wisconsin [Mr. O'KONSKI] stated, in the spending of it, we have encouraged Communist-aided communism.

The gentleman from Texas [Mr. DIES] spoke about what happened some 20 years ago. He told of his warning against communism earlier, and in 1925 John L. Lewis—think of it, John L. Lewis—had something to say about Communists.

Let me quote from a talk made by me from the well of the House in 1937:

> In Senate Document No. 14 of the 68th Congress, 1st session, compiled under the direction of John L. Lewis, then president of the United Mine Workers of America, to lay bare the attempt by Communists to seize the American labor movement and to destroy our Government, we find on page 1 these statements:
>
> "Imported revolution is knocking at the door of the United Mine Workers of America and of the American people. The seizure of this union is being attempted as the first step in the realization of a thoroughly organized program of the agencies and forces behind the Communist International at Moscow for the conquest of the American continent.
>
> "The overthrow and destruction of this Government, with the establishment of an absolute and arbitrary dictatorship, and the elimination of all forms of popular voice in governmental affairs, is being attempted on a more gigantic scale, with more resolute purpose and with more crafty design than at any time in the history of this Nation."
>
> These statements were no hasty, ill-considered utterances of a man forced to speak at once and without deliberation. They were the result of a prolonged, painstaking, and thorough investigation made under the direction of John L. Lewis, and may be accepted as true.
>
> John L. Lewis, before his viewpoint had been warped by his consuming personal ambition, speaking of a similar movement, accurately described his own present organization and its purpose in these words:
>
> "The movement is aimed not only at the labor unions but at the entire industrial, social, and political structure of the country, and with the single aim of eventually establishing a Soviet dictatorship in the United States."

I guess the Communists did succeed in part because on the last day of December 1936, the sit-down strikes came to Michigan, and John L. Lewis through 1937 used the Communists and their methods to organize the CIO. He later changed his mind about Communists. But they are an ever-present danger.

The gentleman from Texas [Mr. DIES] wondered why these things could come about in a country like this where the people were so intelligent. They happened because we have been misled and misguided by certain columnists, editors, and internationalists. We all know who they are. They are still on deck. All one needs to do is to read the current Washington papers. It is the same old crew that the gentleman from Wisconsin was talking about, that the gentleman from Texas was talking about. They are still dishing it out. They are still dishing it out, we read it every day, morning, noon, and night, and we swallow it, and then we come in here and vote as they would have us vote. It is all a mistake, is it not? Why are we so dumb? We have never gotten anywhere with it so far, but still we continue—at least, our leaders here, I mean, the majority of the committee, are asking us to again go along. I, for one, just cannot, just will not, do it. To again appropriate billions of the hard-working taxpayers' money to finance a war in which we have no real stake, a war which will solve nothing, into which we may ultimately be dragged, with the result that hundreds of thousands of our men may sacrifice their lives, I will not do it. The columnists, the internationalists, the war profiteers, yes, and even the sincere, do-gooders may one and all yell their heads off. I will not go along.

One of our colleagues has been going around asking us to read page 9 of the May 21, 1954, issue of United States News & World Report. Well, that is all right for those who came here recently, but many of us who have been here over the years have been aware of the situation which was bound to and which has developed. The situation there described is about what some of us predicted. Listen, here is the first line:

> Things are going bad for the United States out in the world. That is becoming clear.

Well, that depends on how you look at it. What is next?

> This country isn't going to fight to save Indochina for France.

That is not bad news for me. That is good news. I hope it is true. I am happy about that. That indicates that maybe we are coming to our senses. Then on down below:

> People in many places are fed up with the United States urge to save them. They are glad to take American dollars but they don't want any more advice.

Is that not good for this country? Is it not? Had we stopped to think we would have known that you cannot buy friendship, nor can you purchase the support of another nation when, by giving that support, that nation will endanger its own security.

Now, some people thought communism was all right. Vastly more, who are good, kindly Christians, want to make the world over. I have never been able to absorb the thought that we were going to convert the Hindus to Christianity. I

have never been able to believe that by force of arms—you know, they tried that long ago; the Romans tried it on the Christians—I have never been able to believe that by making war on the Communists we would change their thinking.

I voted for this resolution which was adopted today, telling as I understood it, certain groups to stay out of South America. I will go along with that, even to the use of armed force to keep them out.

On the same theory, why should we not stay out of Asia and Europe? We do not want anybody monkeying around our hemisphere. Then why do we insist on going elsewhere to make other people, all other people, conform to our way of thinking, our way of worship, if you want to put it that way?

I will go along with MacArthur who long ago said if we are going to fight communism, then fight it at headquarters, in Russia. I will go along with Herbert Hoover who said that instead of trying to fight all over the world, we pick out a line of defense that we could maintain and make our stand there.

Now, years ago—oh, not years ago but 10 or 15 years ago—I was bitterly criticized by columnists and radio commentators and some Members of the House because they said that I was an isolationist. Well, the truth of that depends on the definition of the word. I do believe in serving my country first, and I think now, along with U. S. News & World Report, we ought to be able to realize it is still useless to try to make people conform to our way of thinking and our way of living. They will take our dollars, but they will go their own way.

The statement in the U. S. News & World Report is so accurate that I read it:

Things are going bad for United States out in the world. That's becoming clear.

Communists are winning in Indochina. French are on the way out.

Defense pact of Asian nations, United States backed, is a long way off. Britain is dragging her heels on that one. Britain and France, both, with big stakes in that part of the world, aren't willing to stand and fight on present lines.

United States, left to hold the bag, can fight alone or pull back.

This country isn't going to fight to save Indochina for France.

War, as a result, is not in the cards. Conditions to be met prior to war are these: (1) An appeal by independent peoples to be saved, (2) combined action by a united group of nations, not United States alone, (3) prior approval by the United States Congress. None of those conditons exists in southeast Asia now.

United States military, too, is adamant in opposition to a jungle war.

War, when and if it comes again, is going to be the real thing, not a fringe fight in a remote area, where nothing is settled whoever wins.

If you want to know it, what's happening in the world is this:

People, in many places, are fed up with the United States urge to save them. They're glad to take American dollars but don't want any more advice.

Churchill, for Britain, has just told American diplomats as much. Eden has done the same. France is getting set to go her own way, which isn't the way the United States planners figured it. India long ago told this country off.

What the non-Communist world seems to want is new leadership. Feeling is that United States has had its chance and has muffed it. Now its the turn of somebody else, with a few new ideas, with less emphasis on the sword.

Alliance, United States built, is not in a happy state at the moment.

There is just this other point: The United Nations is helpless in the present situation. Russia stands ready to veto any U. N. action directed at the Communist aggression in southeast Asia. The U. N. action in Korea came when the Russians were boycotting the Security Council. They weren't around to veto. Now they are. The United Nations, as a result, is just an onlooker.

From the above, we gather the thought that today we are, as a nation in one sense of the word, an isolationist or, if you prefer, a nationalist people, at least we stand alone. Today, apparently instead of having chosen to follow the advice of Washington and of Lincoln to avoid entanglements in the affairs of other nations, we have constantly and determinedly stuck our national nose into the affairs of other nations until now, as I read the above, they have shoved us out; in effect, told us to mind our own business—that, while they will accept our dollars, they want none of our advice as to how they should conduct either their domestic or their national affairs. To my internationalist associates and friends, if I have any, may I humbly suggest that, having given away to other people, other nations, billions of your constituents' dollars, you now accept the advice of those to whom you have given the billions—pack up your carpet bags, come home, and set our own house in order.

The Clerk read as follows:

SEC. 102. General authority: Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice.

SEC. 103. Authorizations: (a) There is hereby authorized to be appropriated to the President, in addition to appropriations authorized by sections 104 and 105, not to exceed $1,430,300,000, to carry out the purpose of this chapter; and, in addition, unexpended balances of appropriations for military assistance under each paragraph of the Mutual Security Appropriation Act, 1954 (except the appropriation for mutual special weapons planning), are hereby authorized to be continued available for the purpose of this chapter and to be consolidated with the appropriation authorized by this subsection; all of which is hereby authorized to be continued available through June 30, 1955.

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

(c) Funds made available pursuant to subsection (a) of this section may be used for the procurement of equipment or materials outside the United States unless the President determines that such procurement will result in one or more of the following conditions:

(1) Adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the strategic and logistic advantages to the United States of procurement abroad;

(2) Production of such equipment or materials outside the United States under inadequate safeguards against sabotage or the release to potential enemies of information detrimental to the security of the United States;

(3) Unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and

(4) Delays in delivery incompatible with United States defense objectives.

SEC. 104. Infrastructure: (a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements already made between the member nations, out of funds made available pursuant to this section, or section 103 or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than $780 million, less amounts already contributed for such purpose. There is hereby authorized to be appropriated to the President for such purpose, in installments prior to June 30, 1958, not to exceed $321 million, to remain available until expended. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than $50 million.

(c) Notwithstanding section 501 of this act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 5, lines 14 and 15, after the comma on line 14, strike out "in installments prior to June 30, 1958" and insert "for fiscal year 1955"; and on page 5, line 15, after "exceed", strike out "$321,000,000" and insert "$122,700,000."

Mr. ADAIR. Mr. Chairman, this amendment is obviously addressed to the section on infrastructure. I am sure that every Member of this House is aware of the fact that the term "infrastructure" is a term arising out of the NATO usage and means those facilities which are designed for collective defense use. Those facilities would include airports, communication networks, pipelines, port facilities, and things of that sort. The program of implementing the infrastructure build-up has been divided into annual increments called slices. There are planned seven of such slices.

The sum of $321 million set forth in the bill would take care of the portion of the last three slices which will be

chargeable to the United States; that is, slices V, VI, and VII, and, as you have observed, would be available under the bill as submitted until June 30, 1958.

Heretofore, there has not been a special section provided in the law in which infrastructure money was requested. It has been made a part of the general military expenditure for NATO purposes. This year it was the thinking of some that because we are asking for not 1 year's authorization but 3, a special section ought to be required for it. Hence, this is, to that extent, a new provision in the legislation.

The entire program of infrastructure in the seven slices to which I have made reference is expected to cost something in excess of $2 billion. Of that the United States is expected to pay $780 million. My amendment does not affect that figure of $780 million. It simply reduces the amount to be authorized in this bill from $321 million to $122.7 million, and it provides that the latter sum will be authorized for the next fiscal year instead of the entire sum being available until June 30, 1958.

As the hearings progressed, a question was asked of one of the team presenting these facts to the committee, as to whether or not a limitation of this year's expenditures to $122.7 million would have an adverse effect upon the program; and the answer given was that it would not have such effect. In other words, if we authorize and if there is subsequently appropriated $122.7 millions, you are giving the infrastructure program all the money they expect to use and all the money they need for this coming fiscal year.

More than that, this bill has been widely heralded as a bill containing authorizations for $3.4-plus billions. If this wording remains in the bill, we are not enacting a $3.4-plus billions bill, we are enacting a $3.6-plus billions bill.

I hasten to add that the executive representatives have said they do not expect to ask authorization for more this year than the amount I have provided for; more than the $122.7 millions. They have said they do not expect to ask for more this year but they just want the continuing authority. Therefore, the bill has been said to be a $3.4-plus billions bill because they are not going to ask for the appropriation. The authorization, however, is here, as the legislation now stands.

Finally, it seems to me that by the adoption of this amendment we are accomplishing a thing which I mentioned yesterday in general debate, that is, we are retaining for this House, and indeed the Congress, the right to scrutinize annually the authorizations which are to be used in this program. If we pass this section here as it is written today, then from the standpoint of authorization it need not be brought before the committee or the House again.

Therefore, I would say that by the adoption of this amendment you would accomplish three things: In the first place, you will not injure the program. That is the uncontroverted testimony. Secondly, you will make it a $3.4 billion bill as we have stated, instead of a $3.6 billion bill. Finally, and perhaps the most important of all, you will retain the right of this body to inspect and control annually these authorizations.

It seems to me that all of the arguments are in favor of this amendment, and that nothing but good can result therefrom.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I regret to find myself in opposition to my friend from Indiana. Perhaps it is because of pride of authorship in section 104, on infrastructure, which appears before you, which I redrafted.

As he has stated, there never was a separate provision for infrastructure before this year. The previous bills were drafted so that they could use the general authorization for public utilities and public works all over the place. This year separate provision was made for infrastructure. It was the purpose that all of the $1,430,000,000 which has just recently been approved in the bill could be available for infrastructure.

That concerned me, so I, with assistance of other members of the committee and the presentation team, drafted this present section on infrastructure.

As the gentleman has explained, this is the first year we have been asked to authorize in advance for infrastructure. The reason for the request was that there has been a series of executive agreements so that we could complete the NATO infrastructure, this vast system of airfields, pipelines, and telecommunications needed for the defense of Western Europe in the NATO complex. There have been executive agreements that our share of it, after taxes are deducted, because this section prohibits our payment of taxes, will amount to 37.9 percent. I wanted to put in here language that we would authorize this provided the proportionate shares of others were contributed as per agreement. Therefore, you find the language on this page in lines 16 to 18. In addition, I proposed to the committee and the committee agreed that of the other military authorization not more than $50 million could be spent for infrastructure. This word "infrastructure" may be confusing to you. The arithmetic of it may be confusing to you. But I suggest this, that if you leave the bill as it comes to you from the committee, you will authorize agreements already made provided the other member nations live up to their agreements. If you leave it as it is, there will be no additional money appropriated this year. Therefore, I hope the gentleman's amendment will be defeated and the committee sustained in their draft of this exceedingly complicated but important matter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and on a division (demanded by Mr. ADAIR) there were—ayes 28, noes 38.

So the amendment was rejected.

The Clerk read as follows:

SEC. 105. Development of weapons of advanced design: There is hereby authorized to be appropriated to the President not to exceed $27,000,000, to remain available until expended, for the purpose of encouraging and expediting the development of weapons of advanced design by nations or international organizations eligible to receive military assistance under this chapter. Notwithstanding any other provision of this act, funds made available pursuant to this section may be used only for the purpose of this section. In addition, the unexpended balance of the prior appropriation made pursuant to section 542 of the Mutual Security Act of 1951, as amended, is authorized to be continued available for the purpose of this section until expended and to be consolidated with the appropriation authorized by this section.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 6, line 8, strike out all of section 105 and insert in lieu thereof the following:

"SEC. 105. Development of weapons of advanced design: The unexpended balance of the appropriation made pursuant to section 542 of the Mutual Security Act of 1951, as amended, is authorized to be continued available until expended, for the purpose of encouraging and expediting the development of weapons of advanced design by nations or international organizations eligible to receive military assistance under this chapter. Notwithstanding any other provision of this act, funds continued available pursuant to this section may be used only for the purpose of this section."

Mr. H. CARL ANDERSEN. Mr. Chairman, I believe this is too important a bill to be amended and worked upon without a quorum present, and I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and three Members are present, a quorum.

Mr. BENTLEY. Mr. Chairman, we have here a section of the bill which requests authorization for $27 million for the purpose of encouraging and expediting the development of weapons of advance design, by nations or international organizations. We had last year a request for this same purpose by the administration for $250 million. In its wisdom the Committee on Foreign Affairs cut that amount down to an authorization of $50 million. Now they are coming in here asking for $27 million more.

I have before me a complete list of all the items in this legislation that are available, cumulative obligations, unobligated balances, expenditures, and all of that, as of April 30, 1954. On this particular item for the development of weapons of advance design—as I say, remember that last year the administration got $50 million for this item—we have as of April 30 not only an unexpended balance but an unobligated balance of $50 million. In other words, they have not been able to figure out how to use this money. Still they want $27 million more.

Now what is the purpose of this amendment? The purpose of the amendment is to allow them to carry over the unexpended balance as of June 30. They will still have the $50 million, but this would forbid them any new money under this legislation until the Congress can find out what the money is being used for.

On page 303 of the hearings Mr. Tracy Voorhees, Director of Offshore Procurement of the Office of the Secretary of Defense, was asked about the special weapons fund. He was asked if it was tied up in any way with our defense budget. He said:

No. We are not using that fund for further research in our Armed Forces, because that would duplicate funds already in use.

In other words, this money is supposed to be used for the manufacture of these special weapons abroad. We did have special weapons funds in our own Defense Department, which could be made available for our military allies. Yet we cannot find anything about it. It is a deep secret.

Later on Mr. Voorhees said:

We are asking here for money to spend on things that are not proven but that we hope will prove out.

In other words, it is clearly a gamble with $27 million of the taxpayers' money.

I would like to use the balance of my time to ask anybody on the majority side of the committee if there was one single word of testimony in all of our hearings which gave any reasonable justification for the use of new money in this respect.

Mr. JAVITS. I expect to take some time on my own to discuss this amendment.

Mr. BENTLEY. Is there anybody else who cares to make an explanation about the use of the money for the special weapons fund?

Mr. FULTON. If the gentleman will yield, I would like to join the gentleman in his position.

Mr. BENTLEY. Thank you. Is there anybody who is opposing me on the committee? I do not see any opposition, so I yield back the remainder of my time, Mr. Chairman.

Mr. JAVITS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I thought I had made it clear to the gentleman that I would oppose the amendment on behalf of the committee, Mr. VORYS having asked me to handle it. I am sorry I did not think it was necessary to rise to say it twice. We all have a deep affection for the gentleman from Michigan [Mr. BENTLEY] and, considering the peril in which he has been placed, we feel like cheering every time he comes into the room, but I must differ with him on this amendment.

It has been reiterated that there are something like $9 billion in unexpended funds in this program.

This is an enormous military aid program. We also are appropriating for all the military side of this program something like $1,500,000,000.

Last year they asked a quarter of a billion dollars to develop special weapons adaptable to the different areas in which these arms we are helping to equip them with might be used—very different areas from our own, with very different geographic problems, and very different logistic problems, and very different tactical problems. Our committee cut that down to $50 million.

I now refer the Members to the committee report which states specifically, according to the testimony of the administrators of this program, just what will be done, and just exactly what has been done with it. At the top of page 25—there need be no conjecture about it—the statement is made, from the testimony of Mr. Tracy Voorhees, Director of Offshore Procurement of the Department of Defense:

Thirty-six projects, constituting the bulk of the originally recommended program, were submitted to the President and approved by him, as the act requires.

Negotiations are now underway with the respective governments as to these projects, providing for United States assistance to speed them up, and assuring that successful developments resulting will be available, subject to adequate security protection for NATO defense.

May I emphasize that the 36 projects have already been approved. Now I continue on page 25:

The second part—that is, the American part—of this program includes a screening of the development of our own Armed Forces which might be useful for NATO defense.

Finally, there is the view of Mr. Donald A. Quarles, Assistant Secretary of Defense for Research and Development, which appears further down on the page, as reported by Mr. Voorhees:

Mr. Quarles * * * has in mind the possibility of utilizing a portion of this fund to develop a mutual arrangement with the different countries under which they will, with some assistance, round out their own aircraft control and warning systems, and these will be linked up with some assistance by the United States, including United States know-how and experience through a central laboratory.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. In just a minute, after I make my point. The point in brief is this, that we have authorized this $50 million in order, so to speak, to lubricate a program of $9½ billion for mutual security in arms, to permit the development of original ideas particularly adaptable to the sections of the world where we are going to back up our allies. Such assistance in development is necessary; as a matter of fact, a good many of these projects have been approved by the President as required by law. What we want is to help them develop new ideas. We are continually worried for fear the Russians are getting ahead of us in this regard. We are giving them not $250 million but $50 million for this development. We think the chances of success are good. It is something we think should be done, and we want to help them. I now yield to the gentleman.

Mr. BENTLEY. Did these 36 projects of which you speak, did they originally come out of the $50 million that we authorized and appropriated last year? Is that correct?

Mr. JAVITS. The 36 projects have been approved by the President and are within the appropriations we have provided. We believe it will eventuate in something very tangible and worthwhile. That is the point I have been making.

Mr. BENTLEY. These projects have been submitted to the President, approved by him, but can the gentleman answer whether negotiations have been concluded with any of the foreign governments which are to receive this money?

Mr. JAVITS. The committee were advised that the administration intends to go through with this program. It just seems to me when you consider the magnitude of the program and the many problems they have to meet which are peculiar to certain areas of the world, that to have an effective program we have got to be able to meet any potential enemy in terms of lively new weapons, the type of weapons we ought to be vigilant they are not getting ahead of us in. I ask the Committee to turn down this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 49, noes 35.

Mr. JAVITS. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was agreed to.

Mr. KARSTEN of Missouri. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty-nine Members are present, a quorum.

The Clerk read as follows:

SEC. 106. Conditions applicable to military assistance: (a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

(1) In order to promote an integrated defense of the North Atlantic area and to support concrete measures for political federation, military integration, and economic unification in Europe, equipment and materials of the value programed for fiscal years 1954 and 1955 for nations signing the treaty constituting the European Defense Community shall, pending the coming into force of the treaty, be delivered only to such of these nations as have ratified the treaty, and have joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President.

(2) Military assistance furnished to any nation in the Near East, Africa, and South Asia to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in the Far East and the Pacific and in carrying out the provisions of section 121 of this act, the President shall give the fullest assist-

ance to the free peoples in that area, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere.

(c) The Secretary of Defense shall insure that the value (as determined pursuant to section 545) of equipment, materials, and services heretofore furnished under military assistance programs authorized by acts repealed by this act or hereafter furnished pursuant to section 103 (a) to nations or organizations in each of the four areas named in this subsection shall not exceed the total of the funds heretofore made available for military assistance in that area pursuant to acts repealed by this act plus the amount herein specified for that area:

(1) In the European area (excluding Greece and Turkey), $617,500,000.

(2) In the Near East, Africa, and South Asia, $181,200,000.

(3) In the Far East and the Pacific, $583,600,000.

(4) In the Western Hemisphere, $13 million.

(d) Whenever the President determines it to be necessary for the purpose of this title, equipment, materials, and services of a value not to exceed 10 percent of the sum of (1) that portion of the unexpended balances referred to in section 103 (a) which was available on June 30, 1954, to furnish assistance in any of the areas named in subsection (c) of this section, and (2) the amount specified in the applicable paragraph of subsection (c) of this section for additional assistance in such area, may be furnished in any other such area or areas, notwithstanding the limitations set forth in subsection (c) of this section. Funds heretofore obligated or programed or hereafter made available solely for the purpose of section 104 (pertaining to infrastructure) or section 105 (pertaining to the development of weapons of advanced design) shall not be included in the total fixed for each such area. Funds heretofore appropriated for military assistance in a particular geographic area but transferred from such use under section 513 of the Mutual Security Act of 1951, as amended, or under section 408 (c) of the Mutual Defense Assistance Act, shall be included in the total for the area for the benefit of which such transfer was made, and not in the total for the area from which the transfer was made.

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: On page 7, line 22, strike out "and" and insert the word "or."

Mr. FULTON. Mr. Chairman, could I point out to the House what this amendment means? Please look at page 7, line 22, and you will find there that I changed the "and" to "or."

Now, this is not just a simple dispute. This question is one of long standing. Previously, in the debate on the foreign-aid bill last year, there was an argument on whether, as Mr. RICHARDS proposed, the European defense community would have to be put in complete effect for any of those nations to continue to receive full aid. Or whether such nations who had ratified EDC individually and had done their part could have the aid continued, as my amendment then proposed, even though all the nations had not ratified and EDC was not in effect. You remember the Richards amendment said that unless EDC—that is European Defense Community—went into effect, that 50 percent of the aid would be cut off from all those nations even though individually they had ratified it.

The Richards amendment said that the European Defense Community would have to come into effect before any of the possible members of it could have any aid whatever.

My position last year is really the present position in this bill, that even though EDC did not come into effect, if any of the nations ratified, then they were our allies and we should give them the aid, not cut it off.

This year my position may likewise be made 1 year ahead of time, because I am moving ahead to the future as I see it. I am moving ahead because there is some likelihood practically that the European Defense Community will not come into operation soon. My amendment would give the President the power to continue aid to any country which makes a satisfactory effort for collective defense, even though they have not ratified EDC specifically. The bill this year says these countries must have ratified the European defense treaty, and, I repeat, and have joined together in or developed collective defense programs in a manner satisfactory to the United States as determined by the President. My amendment this year says this to the European nations: If you will join EDC and ratify it, fine, because you have done your duty toward mutual defense. If you have ratified the European defense treaty, we will give you the full aid. But on the other hand, if you have joined together or are developing collective defense programs in a manner satisfactory to the United States as determined by the President of the United States, you will receive our cooperation and aid.

You may ask: Won't the Atlantic Treaty Organization take care of this? If we cannot get France to join the European Defense Community, why will not NATO do the job of defense? The trouble with that is that Western Germany is not in NATO, and France may refuse to permit Germany to become a member nation in NATO, as it takes unanimous consent. I believe Western Germany should be allowed to defend herself, and I want to do this in the European Defense Community if it can be done. If it cannot, I would proceed with other measures to arm Western Germany in a collective defense of western Europe. So, the word "or" means in my amendment that I will not insist on EDC, but I want EDC as one alternative, leaving other satisfactory mutual-defense arrangements open, within the discretion and to the satisfaction of the President.

I will cite as my authority none other than the Speaker of the House, the gentleman from Massachusetts [Mr. MARTIN], who on the floor in his speech adopted this alternative program this morning. In his speech on page 2—I have the original copy here—he uses my exact word "or" instead of "and," which the bill now provides.

We have in Europe—

Says the Speaker—

as we do in Asia dependable allies. These nations have ratified the EDC. We must insist upon the completion of this essential defense program or else we must make alternative plans.

And, this morning when he said that, I believe he emphasized the point by stating that we must proceed immediately to make those plans. Now, if you do not adopt my amendment, it means this, that this Congress has decided that it will wait for the European Defense Community to be formed, for the whole year 1955, because the United States will not be able to give these nations the aid unless these nations have ratified EDC either in whole or individually. I want collective action by the free nations for the defense of Europe. My amendment will permit aid to be given to these free nations in Europe not only if they have ratified EDC, but if they have joined together in mutual defense arrangements which the President approves as satisfactory defense arrangements under the circumstances as the fiscal year 1955 progresses.

This avoids the rigid ban of aid for one year to France and Italy which will occur if they have cooperated in every way for mutual defense of Europe, but have simply not yet ratified the European Defense Community treaty.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FULTON. The point of my amendment is this: I want Western Germany given the ability to defend herself, and in some sort of a security pact for Western Europe. I do not believe we should wait for the year for France to make up her mind in the matter of the European Defense Community, and we certainly should not withhold aid from France for this long period arbitrarily by this provision in the bill, when France may be doing her best under the cirumstances although not through EDC, and what is more, cooperating for mutual defense in a manner satisfactory to the President.

I hope, for the security of the United States, that the House will give this administration the alternative to the European Defense Community, that is, give aid to collective defense programs and arrangements which may be worked out by the free nations in Europe in a manner satisfactory to the United States as determined by the President of the United States. We need that. We need that flexibility.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. SMITH of Wisconsin. It seems to me that changing the "and" to "or" gives France an escape. Once you adopt this provision, as I see it, you provide France with a means of escaping EDC completely; whereas, if you retain the language, then they either have to fish or cut bait on this proposition.

Mr. FULTON. Let us say this. Suppose France will not join EDC. If she will not join EDC, it puts us in this quandary. We have to cut off all aid to France for the fiscal year 1955, and we are very near the point where we would have to cut aid under the present status of the aid program under the current rigid Richards amendment now in the law. The former Richards amendment has not really started operating, because the deliveries have not really started much under this fiscal year 1954 program authorized by the bill last year. We will all admit that. There has been no real effect yet under that Richards amendment, but this rigid approach will start to strangle deliveries and cut off the aid programs to France and Italy substantially in the next few weeks.

We should say to these European countries, we want you to join in a collective defense security pact of some kind, and we will give you aid to help you, and ask that you adopt a feasible course which the President feels is satisfactory and will protect the aid the United States taxpayers give you. We should not insist rigidly on EDC as the only course, or aid will be cut off. This is not fair nor is it realistic.

You may say, Why does not NATO provide this defense organization? Let me repeat that, Why does not the North Atlantic Treaty Organization permit us to do what we want? France can veto Germany coming into the North Atlantic Treaty Organization. We therefore need EDC or an alternative defense arrangement among the free countries of Europe. We should encourage our good friends among these nations along these lines rather than threaten them with the cutting off of all defense aid under the present provision in this bill.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am opposed to the amendment and I want to tell you why. It will be remembered that in the bill last year we cut off all military aid to six countries in Europe, so-called EDC countries, until all ratified the EDC treaty. The amount involved was something less than $1 billion, something between $800 million and $1 billion.

Those six EDC countries were Germany, Luxembourg, Belgium, Holland, France, and Italy. None had ratified the treaty, with the exception of Germany, under the leadership of that great statesman, Adenauer.

The amendment provided that these countries could not get this military aid until they have ratified the EDC Treaty and joined together for collective security, as General Gruenther and General Eisenhower, and General Ridgway had repeatedly testified was necessary if any effective defense of Europe was to be had in the future. After that provision of last year's mutual security bill, Belgium, Luxembourg, and Holland ratified the pact. That left France and Italy outside.

In this bill, we have a liberalization of the prohibition of the 1953 act. Its purpose and meaning is as follows:

The principal purpose of this provision is to emphasize the importance which the United States Government attaches to European unity, and particularly to the plan for a European Defense Community. Some of our foreign friends appear to have misinterpreted the provision to mean that the committee favors some kind of alternative to the EDC Treaty. Nothing could be further from the truth. We believe that the EDC Treaty is by far the best method now available for dealing with the problems of German rearmament, French-German cooperation, and European integration as a whole. It is hoped that the new provision will provide a strong incentive for those nations which have not yet ratified the EDC Treaty to do so promptly.

At the same time, the provision realistically takes account of the fact that the rejection or indefinite delay in realization of EDC would create a new situation, and that the United States Government would be compelled to consider new measures to attain its security objectives. It is not possible at this time to determine what the results of an agonizing reappraisal of our foreign policy might be. However, it is clear that the President should have considerable flexibility in pursuing new approaches.

To clarify the meaning of the new provision, let me point out that countries which have already ratified the EDC Treaty are now eligible for aid, provided they are cooperating in collective defense arrangements to the satisfaction of the President. As long as the United States Government supports EDC and believes there is a good chance for its ratification, the countries which have ratified EDC can be qualified to receive aid on the basis of satisfactory cooperation in NATO or the development of programs preparatory to EDC. On the other hand, if it should unfortunately become clear that EDC cannot be realized, the language of the provision would enable the President to undertake a new approach to European security and to work out alternative arrangements to qualify the countries which have ratified the EDC.

It is meant particularly to give encouragement to Germany that other methods and measures permitting her rearmament in the face of Communist aggression and threats are being and will continue to be explored in the event the EDC agreement, first proposed by France, does not come into being.

In summary, I believe the new provision serves the double purpose of encouraging ratification of EDC and providing the President broad flexibility to deal with various unforeseeable situations.

Mr. FULTON. Mr. Chairman, will the gentleman yield for an explanation?

Mr. RICHARDS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Is it not correct that my position last year was just about the position that is in the bill?

Mr. RICHARDS. I do not yield for a statement. I yield for a question.

Mr. FULTON. I am trying to clear up my position. It was the same, practically, as the bill this year, that I would give it to each one who ratified, but this particular year we are to the point where my position says, if they will join another collective defense agreement, even though it is not EDC, I will give it to them as long as the President approves.

Mr. RICHARDS. That is what the gentleman's amendment stated: On line 22, page 7, "such of these nations as have ratified the treaty, or." That leaves this bill just where last year's bill would have been had his amendment been adopted then.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS. Would the gentleman not say that under the Richards amendment as drafted by the committee this year, actually by the gentleman himself in collaboration with the executive department, without change, any 1 of the 4 nations that have now ratified which joins together in or develops collective programs in a manner satisfactory to the United States, as determined by the President, will be eligible for assistance?

Mr. RICHARDS. Yes, any of them. In that connection, I want to say this: There is a twofold purpose in this provision in this bill. One is to encourage Germany. Right now they are losing heart because France refuses to ratify, and France proposed this European Defense Community. The German people are becoming restless. I want to reassure them that if EDC is not consummated there is still a way by unity of effort on the part of those who ratify. At the same time, I want France, our old friend France, to take notice that EDC, while the most important defense step yet to be taken in Europe, is not everything, and that there may have to be, in the words of the Secretary of State, an "agonizing reappraisal" of the situation in Europe unless EDC is ratified.

Mr. FULTON. Then the difference in the positions of the gentleman from South Carolina and me is this. I say to France and Italy, "Even though you have not ratified, if you will nevertheless proceed with defense on your own motion, then if the President approves we will give you something."

Mr. RICHARDS. No. The gentleman from Pennsylvania says, "You will get it whether you ratify EDC or not." That plainly means EDC will never come about.

Mr. FULTON. And if they do not join, they do not get anything, for France and Italy.

Mr. RICHARDS. You say if you do not join, you get the money anyway by another and devious path.

Mr. FULTON. Yes; I say that.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. COLMER. As I recall, the distinguished and able gentleman from South Carolina had a provision in the bill last year denying these funds to France and Italy and some other countries unless they participated and joined up in the pact. What happened in that instance? I am sorry to have to say to the gentleman that I could not quite hear him.

Mr. RICHARDS. Well, this is what happened, they have not received the money.

Mr. LANHAM. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am in favor of the Fulton amendment. I voted for both amendments when they were offered in the committee. Because neither was adopted, I voted against the modified Richards amendment. My position is this, and I think it is sound. France is ready to do something. The Richards amendment this year would require them to join the EDC—not any other plan, but would require them to ratify EDC. France says, "We do not want to do that because it means a loss of our sovereignty." But, Mendes-France, the new Prime Minister, has said, "First of all, I am going to get peace in Indochina by July 20 or I am going to resign." Now, he may sign a peace treaty that we do not want to see him sign, but he thinks it is necessary in order that he may then give his attention to restoring the economy of France. That is the second thing he has pledged to his people to do, and that is why, apparently, the legislative body in France is backing him up, and it seems to be the reason why he is getting the support of the people of France. The third thing he has said he is going to do is this. He says, "I am going to find some substitute for, or some compromise on, the EDC." In other words, he is going to do just what he would be permitted to do, and to get the benefits that his country would get if this amendment is adopted. If you do not adopt this amendment, then for another year we are not going to have any community of effort—political effort in Europe, and this is going to put off the unity that we ought to have, in the face of the Communist threat.

Mr. McCARTHY. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. McCARTHY. Is it not true that there was restrictive language placed in the bill last year, which applied to France and Italy in an attempt to force them to join the EDC and that it was ineffective?

Mr. LANHAM. It was ineffective, of course.

Mr. McCARTHY. And there is no reason to believe that the language will force them now, any more than the language that was put in last year?

Mr. LANHAM. I do not think you can force France to do anything. I do not think you can force any country to give up its sovereignty.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from South Carolina.

Mr. RICHARDS. Is it not true that since the adoption of the amendment last year three of those countries have ratified it?

Mr. LANHAM. They were going to do it anyway. There was not any trouble in those other countries. It has always been Italy and France. You have held it over their heads for a year and we have lost time. If we lose any more time we are going to lose Germany, because Adenauer is losing part of his support due to the delay.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Is it not true that under the bill as it now stands, unless Italy and France ratify EDC they will not get any aid?

Mr. LANHAM. Exactly. That is exactly what it means.

Mr. FULTON. And if they join the organization they can get aid?

Mr. LANHAM. Yes.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. SMITH of Wisconsin. I am wondering if the gentleman can give us an illustration of how this would work. I cannot conceive of any other agreement France might enter into which would justify the use of funds in this section.

Mr. LANHAM. They might do what England has agreed to do. They have not agreed to join EDC but they have agreed to integrate their army into the European army. Let us not try to force people of France and Italy to sign something that they are not going to sign, because we are going to lose Germany if we do not get something done soon.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. JAVITS. I stood with the gentleman on this position and I intend to offer another alternative to the very general idea the gentleman is discussing. Is it not a fact that France and Italy could make a collective defense agreement, they are in NATO now in fact, and if this amendment were adopted could qualify under this act?

Mr. LANHAM. Yes, sir.

Mr. SMITH of Wisconsin. If this restriction is removed it means we are going to give them the money, regardless.

Mr. LANHAM. No; it does not. It says "if you will enter into some agreement satisfactory to the President we will give it to you." But it does not have to be EDC.

Mr. SMITH of Wisconsin. Is that not fiction and not reality? We have had no illustration as to how the proposed amendment might work.

Mr. LANHAM. We have no reality now. Perhaps a little of what you call fiction would help. If we can get some unity I do not care whether it is a reality or a fiction.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. VORYS. Mr. Chairman, I rise in opposition to the Fulton amendment.

Mr. Chairman, if we adopt this amendment it is perfectly clear that it will be considered that the Congress is now backing away from EDC, and it would be, in my judgment, impossible to ever get any ratification of EDC. Now, remember, EDC is a plan that was devised by France. The treaties have been rewritten by the French, and now they have been marking time, and in my judgment the Richards amendment last year has helped to keep the thing moving that otherwise might have died. Let us remember that the joint communique issued within the past 24 hours by our President and his distinguished visitor, once more points up the importance of moving to conclude and ratify EDC by France and Italy. In this same section we have language that has been written in here and has been the purpose of the Congress over a series of years. Realizing that Europe must unite or it cannot get along either in peace or war, we wrote in the language on page 7: "In order to promote an integrated defense of the North Atlantic area and to support concrete measures for a political federation, military integration, and economic unification in Europe." It is in order to encourage those things that we make this equipment and materials for these 2 years available to the nations that sign EDC. If you make it available to them whether they ratify or not, you are taking a step toward destroying the thing for which there is no alternative as yet.

So I hope this amendment will be defeated.

Mr. FULTON. Mr. Chairman, will the gentleman yield for a question?

Mr. VORYS. I yield.

Mr. FULTON. Would you tell me what the Speaker meant when he talked today on EDC? He said: "These nations have ratified the EDC. We must insist upon the completion of this essential defense program or else we must make alternative plans." You will notice the Speaker uses the word "or," just as in my proposed amendment to state what he has in mind if EDC does not work.

Mr. VORYS. We have the alternative right in here: If they have joined together for developing a collective defense program—that includes Germany—in a manner satisfactory to the United States as determined by the President.

I think our Speaker had in mind this Richards amendment provision when he used those words.

Mr. LANHAM. The gentleman used the word "or" when he read it. He did not read it like it ought to be.

Mr. SPRINGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to ask 2 or 3 questions at this point of the gentleman from Ohio and perhaps of the gentleman from South Carolina.

Is there any provision in this bill at all by which the President can rearm Western Germany outside of the manner in which the gentleman from Georgia [Mr. LANHAM] has just suggested?

Mr. VORYS. Yes; I will answer that. If the gentleman has been listening, I explained how under the language that now is in the bill in line 22, a country that has ratified the treaty if it joins together in or is developing collective

defense programs in a manner satisfactory to the President can get arms under the bill as the committee presents it to the House—and I want to be corrected if I am wrong in my interpretation.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. LANHAM. But first it would have to ratify EDC.

Mr. SPRINGER. Germany has ratified EDC.

Mr. LANHAM. I know, but you say other countries must also ratify EDC.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. RICHARDS. The gentleman from Ohio said no such thing. He said that the countries which have ratified EDC, even though some other countries have not ratified, could still join together in some form of cooperative collective effort for defense, under such terms and conditions as the President of the United States would approve.

The object was not to penalize those countries who still had the cooperative spirit and had shown it by ratifying EDC.

Mr. SPRINGER. The answer then—and the gentleman from South Carolina may correct me if I am wrong—is that there is authority in this bill to provide for the rearming of Western Germany regardless of what anyone else does with reference to EDC.

Mr. VORYS. That is correct.

Mr. RICHARDS. Now, wait a minute——

Mr. FULTON. There is the answer.

Mr. RICHARDS. As a matter of fact one purpose of the provision is to encourage Germany, and to give some hope that, even if France never ratifies EDC, some way is going to be found to help Germany on the road to a decent defense posture so necessary to the defense of Europe.

Mr. SPRINGER. Then this does give Germany the authority to go ahead, and it gives the authority to the President to go along and aid them before EDC is ratified by all parties to that compact?

Mr. RICHARDS. We hope so, in the NATO framework—or outside.

Mr. SPRINGER. Let me ask the gentleman from South Carolina a little further: He uses phrase "hope so." Does he think there is authority given here to do it? It seems to me we are short of something if we go ahead on this European defense and we do not get Western Germany into this thing.

Mr. RICHARDS. Those are difficulties, I readily admit.

Mr. SPRINGER. Can the gentleman explain that way out? I have not determined how Germany is going to be rearmed.

Mr. RICHARDS. I think there are other ways outside of EDC and outside of NATO.

Mr. SPRINGER. Is that in this bill?

Mr. RICHARDS. It is suggested in this bill, dependent upon the President's decision.

Mr. FULTON. Here is the problem: Certain countries either cannot or will not join EDC because they will lose their sovereignty. I would give these nations a chance to join another organization satisfactory to them and to the President, which would be a defense organization, in which they would not lose their national sovereignty. As an alternative I want to give them the chance to join up in collective security for Europe and not lose their national sovereignty by being forced to join EDC.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(At the request of Mr. SPRINGER, and by unanimous consent, he was allowed to proceed for 5 additional minutes.)

Mr. FULTON. The reason that NATO cannot do this job is apparent. That is why on the amendment as it now stands it must be said, "We hope so." That is the point that the gentleman from South Carolina brought out. Western Germany is not now a member of NATO, and France would probably veto Germany's coming into NATO. Under the treaty, new members must be approved by unanimous consent. If Western Europe could get together in some sort of a collective arrangement, just as Britain wants to join with them, it would be a good thing to encourage, as well. So I would be willing for the free nations of Europe to join together voluntarily in a defense pact as we propose to do in south Asia, without forcing, for example, the United States to give up its sovereignty. Why do we not let the other countries do the same thing?

Mr. JUDD. Look at the language. The answer is very clear. It says that aid can go to such nations "as have ratified the treaty." There are four who have ratified the treaty "and have joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President." Four of them have ratified the treaty. Four of them are joined together in ratifying EDC. Perhaps they can start off as a sort of rump EDC. If the President of the United States declares their organization, the organization of the four for collective defense, satisfactory to him, we can and will start arming Germany tomorrow under this language. It is just as plain as day.

Mr. RICHARDS. Here is what we seek to do. The gentleman was right when he said that France could prevent the rearmament of Germany by veto, under the North Atlantic pact. Through this provision we seek to encourage those who have ratified EDC to find other channels of cooperative effort, and provide funds for the venture.

Mr. VORYS. I want to read language contained on page 26 of the report. This happens to be language approved by the executive branch, because we wanted to make it crystal clear what we all had in mind:

> The basic requirement remains that a signatory of the European Defense Community Treaty must have ratified that instrument before it can qualify for assistance. The continuation of this provision reemphasizes the importance which the United States attaches to the European Defense Community. The language adopted, however, recognizes the fact that a new approach to mutual American and European security objectives may be necessary if the European Defense Community Treaty is not ratified and provides the President with the means to pursue such an approach. It is not possible at this time to foresee what situation would follow nonratification of the European Defense Community Treaty, nor to anticipate the consequences of an agonizing reappraisal of United States foreign policy which would be made necessary in such circumstances. However, it is believed that the language adopted is sufficiently broad to provide the President with the necessary flexibility in meeting future contingencies.

You will note an item on page 9 of the committee report of $384 million, "Undistributed by Country," and a footnote saying that mutual-defense money for Germany is contained within that amount. Thus this bill provides authorization for arms for German forces, showing the results we hope for under the Richards amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FULTON].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 5, noes 74.

So the amendment was rejected.

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. JAVITS: On page 7, line 14, after "(1)", insert "It is the sense of the Congress that" and replace the capital with a small letter in the word "In."

Mr. JAVITS. Mr. Chairman, as far as I know now this is the only amendment that I have to this bill. I would not raise the subject unless I was deeply convinced of its great importance, and I believe the debate on the Fulton amendment showed its great importance.

The question is: Will the Congress write into law a prohibition against the supply of arms out of new appropriations either for the year 1954 or 1955 to France and Italy, or will it leave the last word to the President, expressing to the President its sense in the case which we know has great persuasive power and great prestige? This is the issue, and I would like to restate it, because we seemed to be all over the lot before. Shall France and Italy get arms—we are not talking about any other kind of aid, but arms—out of the 1954 and 1955 appropriations, or shall those arms be withheld unless they ratify respectively the European Defense Community and shall we say this absolutely by force of law; or shall we give the President the final jurisdiction over the case expressing to the President what we want done on the question of policy? My amendment seeks to take a fair alternative and express to the President what is the sentiment of the Congress, but not to tie the President's hands absolutely for a year or such sooner date as we change the law or such sooner date as the European Defense Community is ratified by France and Italy.

I offer this amendment because I think it is extremely important in a touch-and-go situation such as we are in now in the world and where the Richards amendment is beginning to be put into effect. There was nothing done about it and nothing needed to be done about it until now, because no arms were

deliverable to either of these countries under the 1954 appropriation until very recently. But now—and I should like to state this as a fact—arms are beginning to back up due to the Richards amendment. They have to be put in storage; arms which otherwise would be delivered to France and Italy. So the shoe is beginning to pinch in terms of arming our allies.

Why do I say that we should take a new tack in this situation, declaring very clearly what is our policy—and it certainly is as evidenced by the decisive vote of this House—but not fixing it into law? You have got a new Premier in France, Mendes-France and he said that he is going to do some things within 30 days. Many very capable observers ascribe the fact that French governments have been so plagued on foreign policy issues to the fact that the politicians who desire to say so, have been able to claim that France is being threatened, that she is being compelled to do things. Obviously we are making a condition here for arms assistance to France, that she must do a certain thing. Congress is saying that otherwise she shall not get those arms.

Let us not forget one other very critical and important fact. The French are mortally afraid of the Germans. It is an undeniable fact that they are. And who would say that they have not the right after three wars of devastation since 1870 in France itself?

If we leave this bill as it is and make this provision mandatory—which it is—we are, in effect, saying that we are willing to accept a coalition of Belgium, Holland, Luxembourg, and Germany, and thereby by-pass France. Nothing could scare the French more than that. This is the very thing that they are constantly concerned about.

Let me emphasize that there is nothing in this bill that stops arms to the German Federal Republic. Those are questions outside this bill. But if this provision be left in the bill it is France and Italy that are to be denied arms.

France and Italy are members of NATO. Let us never forget that. They are bound in a contractual defense agreement now. The NATO agreement runs for 25 years. What I say is that you should not as a matter of the soundest kind of policy in this very trying situation which we face, absolutely tie the President's hands so that he cannot let any arms go to France and Italy out of these new appropriations, either for last year or this year, without violating the law; but that you should express it as your view that this is what ought to be done and give him that flexibility.

The committee report itself recognizes that the Richards amendment was too tight in 1953 and must be relaxed and on page 26 it says:

> However, it is believed that the language adopted is sufficiently broad to provide the President with the necessary flexibility in meeting future contingencies.

But the provision in the bill is not sufficiently flexible, because it absolutely cuts off arms aid to Italy and France unless they ratify EDC, which is something we strongly want them to do. I think that is the really intelligent way to rearm West Germany, and I have supported EDC throughout. But we should not absolutely cut off the flow of arms and give such French politicians who may be against EDC and who want to make political hay out of it, the opportunity to say that we are seeking to coerce France to ratify the EDC.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. MORANO. Does not the gentleman think really that it is time that the French and the Italians made a decision on the matter of EDC and either voted it up or down, so that we may proceed with possible alternatives?

Mr. JAVITS. May I say to my dear colleague that it is time and that the Congress will have said so if they adopt my amendment. But I am suggesting that we do not go that one step further which often makes people say "No" who want to say "Yes"; and the gentleman has enough spirit to know that. Often people will say "No" when they want to say "Yes," when they feel that they are being coerced by one who wants them to say "Yes."

Mr. RICHARDS. I rise in opposition to the amendment.

Mr. VORYS. Mr. Chairman, will the gentleman yield to me?

Mr. RICHARDS. I yield.

Mr. VORYS. The Richards amendment was written into law when the President signed it last year. If it ties his hands, he has deliberately tied his own hands. The language appearing in this section right now is approved by the executive department. If it ties the President's hands then he wants his hands tied. This amendment would make of something which is a prohibition in law into a mere pious gesture. I hope it is defeated.

Mr. RICHARDS. The gentleman is correct. If the President is opposed to this item, he has not said so. I want to give you the history of this in the few minutes that I have. I have supported the foreign-aid program from the beginning. I think it has accomplished a great deal. It was an investment we had to make and a chance we had to take. But I could never join with some of my friends who have supported the program in the position they seem to take that in sending billions of dollars abroad we do not have any right to attach conditions. I reject that theory.

Here is what is happening. All the military men, all the political men, testified that Europe could not be successfully defended unless there was unity there. Mr. Schumann, the great man of France, sponsored the European Defense Community, and the EDC treaty was signed by representatives of every country, including France. What did we do? We said, "All right, you have promised unity there. We have told you that you must have military and economic unity in Europe, and you agreed. You signed this treaty. We are going to help you. You are going to have our support; we will send you money." And we did send billions of dollars. There are still hundreds of millions of dollars that France and Italy can get to strengthen their defense establishments. I mean money already in the pipelines, before fiscal 1954 and 1955 to which the restriction applies.

France proposed EDC, and four nations ratified it but not France. Do not think for 1 minute that my amendment last year kept any nation from ratifying EDC, because most of the four were ratified afterward. It is not keeping France and Italy from coming in. France does not want to ratify anything, it does not want to see Germany rearmed, unless on her terms and unless she gets what she wants in the Saar. Italy will not ratify because she wants Trieste. They are just welshing on what they have agreed to do.

I have never understood why Members of Congress willingly vote billions of dollars to arm American boys and send them into battle and at the time refuse to spend one-tenth as much to arm others to stand by their side. Neither have I ever been able to understand the logic of those who vote billions in defense to other nations, yet take the position that we have no right to attach conditions thereto.

This is no slap at France, or Italy. It is simply commonsense. I am opposed to the gentleman's amendment.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from New York.

Mr. JAVITS. I might say I am sure the President would not veto this bill no matter how we vote.

Mr. RICHARDS. I reckon not.

Mr. JAVITS. But may I ask the gentleman if the gentleman has confidence in the President, why does he not give him the modicum of flexibility which I suggest the world situation dictates? If the gentleman knows the President is not going to give them the arms, why should he oppose it?

Mr. RICHARDS. We have had flexibility in all of these foreign aid bills. We have made many suggestions as to unification, military and otherwise, without success. Now we must say "the money is cut off unless military unity really comes about." If France thinks for one minute that on account of her holding back on the ratification of EDC that Germany is not going to be rearmed in some other way and with the support of the United States, she is simply pursuing a mirage because Germany must be accepted back into the family of nations and must be permitted to defend herself.

Mr. RIVERS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I realize I do not have the background to discuss foreign policy. I have only been here 14 years, during none of that time have I served on the Committee on Foreign Affairs, but I have served for 14 years on the Committee on Military Affairs. I have been to Europe a number of times along with the duly designated members of our committee in an effort to try to find out what was going on over there militarily. I think one of the best things that ever came before this Congress is the Richards amendment to the last mutual aid bill. We told the French and those who

do not want to do anything but drag their feet that they could not get aid under that bill. Now for someone to come along and try to repeal that means that they are faced with two propositions. One is that they are going along dragging their feet with France, and with Italy, and the other is that they just plain do not want to see Germany rearmed. I do not care how you word your amendment, it means you just do not want to see Germany rearmed. Anybody with any brains at all who has been to Europe——

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. Wait a second. You did not yield to me.

Mr. JAVITS. I tried to.

Mr. RIVERS. You did not try.

As I was saying, Mr. Chairman, anybody who has ever been to Europe and seen Western Germany knows that you cannot oppose Russia and keep Germany lying prostrate on the field of battle. Everybody knows that.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I do not yield.

Mr. JAVITS. The gentleman is speaking about me.

Mr. RIVERS. I am not speaking about you—I am speaking about RIVERS.

Mr. Chairman, anybody who has been to Germany knows that Adenauer is staking his entire political future on their alinement with the Western powers, notably the United States, and for us to cut him down from behind under the guise of France not being willing to go along with EDC, which as the gentleman from South Carolina [Mr. RICHARDS] said, "They created under Schumann—the only statesman to come out of France since the Napoleonic wars—they created this EDC and now they are stabbing it in the back." I was there last year. I will tell you what a Frenchman told me. I actually listened to him because I could not speak French and he could not speak English. He told me, "They got a time table. They are going to conquer us again in 5 years." I said, "Well, I come from South Carolina, son, if anybody told me he was going to conquer me in 5 years, I would get busy and raise me an army. If I were you, I would raise an army." I say to you, my colleagues, France would rather hate Germany than arm and protect themselves. Now the only language they understand is just the thing that is in this proposition here today, and when we tell them you are not going to get a dime out of this proposition, and I have voted for every one of them—and I do not think I was right all the time—but somebody had to help DICK RICHARDS. If they find out that they are not going to get any money, that we are going to arm Belgium and Luxembourg along with Germany, they will get busy. One thing, they have not given us base rights in France, and they have not given us base rights in Italy. They have not given us anything but conversation and we have given them the American eagle. The American eagle has flown all over there, and now is the time to get behind that eagle and you will see business pick up.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I yield.

Mr. GAVIN. I wanted to ask my colleague who is a member of the Armed Services Committee, Do you not believe that if we had 25 German divisions with proper support on the line in Europe it would do more to stop the Communist threat than anything else that we could have? It is not a question of dollars, it is a question of strength and building up our defense. Does not the gentleman agree with me?

Mr. RIVERS. Of course, you said that almost as eloquently as I could say it. You are absolutely right, and if we do not hurry up and arm Germany, time is running out. Let us get busy now. I am behind the gentleman from South Carolina, DICK RICHARDS. Nobody can stop us. Let us get behind this.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. FULTON. Mr. Chairman, I rise in support of this sense amendment because it clearly gives to the President of the United States the right to do what he wants in his discretion, instead of writing the provision as a matter of affirmative law and express prohibition, preventing action by the President, although he thinks a certain other course is right.

Everyone here should remember that the European Defense Community is an organization to have the various European nations give up their nationality, their sovereignty. Those of us who are here today making this fight may probably go down to defeat; but sometimes in the bitter fruits of defeat there is victory. We people who had this fight last year to get this House to adopt its present position lost to the old Richards amendment, but the idea of relaxing the strict provisions was implanted. The administration and the Foreign Affairs Committee's present position was the Fulton amendment of last year which was defeated at the time. In the CONGRESSIONAL RECORD, volume 99, part 5, page 6899, the gentleman from South Carolina [Mr. RICHARDS] joined others, including Mr. VORYS, of Ohio, and defeated me, and defeated me soundly. But right now the defeated position is the position of the administration in this House. My position today is that this does not go far enough under today's circumstances, and we should show more cooperation by giving the opportunity to the President to offer these nations various alternatives. A man who stood with me on that amendment last year to try to get aid to the allies who ratified EDC was the gentleman from New York [Mr. WAINWRIGHT], who likewise foresaw the probable developments in Europe, and I want to credit him publicly and thank him, as well as the gentleman from Georgia [Mr. LANHAM]. I was proud to stand with them, and there were only a couple of us, but we raised the issue, and we are doing it today. I hope that this particular debate can be remembered by the House, because then it was said, "Let us get on with the debate or we will waste the whole afternoon." In fact, the gentleman from Ohio [Mr. VORYS] said, "The point is this, that we will either dispose of this subject promptly, or spend a lot of time on it. The way to do it is to vote down this amendment and go on to some other subject or we will spend the rest of the afternoon debating the merits and demerits." It is too important a matter to be finished quickly, as it vitally affects the defense of all of Europe.

The Fulton amendment on EDC was last year as follows:

> This section in the interests of the security of the United States shall not operate to deprive of aid nor penalize nations who have fully ratified the treaty to create the said organization, because of the lack of action or failure to ratify by any other nation.

That is the position today on this bill. But the point we make to you today is this, that the two nations who have not ratified are Italy and France. They do not want to give up their sovereignty, their nations, to EDC. They do not want to join the European Defense Community. Why, then, not let them, under my proposed present provision, join a new defensive arrangement like NATO, with other European nations as we have done for the Western Hemisphere under the Rio Pact, and even now have in southeast Asia under the Anzus Pact? The United States has also proposed a mutual defense pact for other free Asian countries along these lines.

Why, then, is it not a feasible alternative for the administration to be permitted to consider for Europe, and aid could be given through such an organization? I do not understand the rigid position at this time of saying that if our allies do not specifically ratify the EDC treaty alone, that aid will be cut off to the nonratifying countries, France and Italy, for a whole year. And this even though they may offer every other cooperation for their individual defense, and for the mutual defense of Europe.

I therefore plead with the House not to deprive France and Italy, our good friends, of aid under the provisions in this bill. These people have stood by us, and were our good friends who fought with us in World War II. While Italy joined later, the Italian people certainly proved a real help to our cause. We should not deprive them of funds for their country's defense because they refuse to give up their sovereignty at our request in order to become eligible for this year's aid. I feel for them and their loyalty to their country's traditions, and it is a hard decision to be forced under these circumstances from the outside.

I would not give up the sovereignty of the United States of America for a little or a lot of foreign aid from any other country. Why should we put on our aid the condition that unless these nations agree to give up their sovereignty to a general European defense community, give up their traditions, that they will not get the relatively few dollars of aid from us in this year's authorization?

Instead of forcing me to give up my sovereignty, I, like these nations, would stand and say: "On those conditions, keep your money." I would not take it.

We must give France and Italy a fair and free decision on their own national existence.

We Members who are on the floor today arguing this, want to give these nations that have not ratified EDC, that have so far chosen not to give up their own sovereignty, the right to join another organization such as we in the United States would join for the defense of Europe. It could be done under a similar pact such as proposed by Mr. Dulles, the Secretary of State of the United States, for the South Pacific.

The United States does not give up our sovereignty when we join a defense pact under section 51 of the United Nations Charter. Why then put on a dollar sign and a condition and say to these other nations: "You must join such an organization as EDC, or you will be taken over by the Communists, because the United States will cut off your mutual security aid for a whole year."

Of course, we who believe thus should raise the issue. Of course we would ask to join us, you who believe in United States sovereignty, for example, Mr. GWINN there, who defends American sovereignty. We should not vote for other nations to give up their sovereignty for the few dollars in United States aid for their defense budgets, I am sure of that.

And if that is the case, let us stand up for these nations, these friends of ours. Let us get cooperative action for mutual defense and assistance, rather than rigidly insist at this time on EDC ratification alone as the test for continuing aid for the current year. We need allies and friends, and should offer constructive alternatives that we can all join in wholeheartedly. This is mutual defense by agreement, and not by lever. This is mutual aid for mutual defense on a basis of mutual respect. We need to adopt such a course as the United States policy.

Mr. McCARTHY. Mr. Chairman, I rise in support of the amendment.

The CHAIRMAN. The gentleman from Minnesota is recognized.

Mr. VORYS. Mr. Chairman, will the gentleman yield for a consent request?

Mr. McCARTHY. I yield.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes, after the gentleman from Minnesota has concluded.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. McCARTHY. Mr. Chairman, I think the record shows rather clearly that the method which is proposed in this bill has not been effective. I recall the famous ultimatum of Secretary of State Dulles issued last spring in which he gave France until April 15 or April 30 to ratify EDC. The response on the part of the French was one of resentment and protest. It gave a great deal of fuel to the Communist forces in France.

Restrictive language was included in last year's authorizations for this same purpose. It has been admitted on the floor that this was not effective in bringing Italy or France into EDC.

Is there any reason for us to believe that putting the same or similar language into this bill will be any more effective than the ultimatum of last spring was effective or than the language placed in the bill last year was effective?

The gentleman from Ohio [Mr. VORYS] has said that the administration is in favor of the restriction. It may be that Secretary Dulles thinks that he can go into this contest with one hand tied behind his back, or with both hands tied. If so, he has more confidence in his powers than I have. We have seen what happened at Geneva. I do not know whether the Secretary feels that he went into that Conference with his hands tied or not, but the record shows that in that Conference he was nearly helpless and the principal negotiations and deliberations had to be carried on by the representatives of other nations.

I do not want to be a party willingly to the passage of a bill which will tie the hands of the Secretary of State. I think we should give him authority and should give him freedom to negotiate and then hold him responsible for his actions.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. McCARTHY. I yield.

Mr. JAVITS. I just wanted to state to the gentleman on this question of what the administration does or does not want about the Richards amendment that it is my conviction that the administration said the provision in the bill was acceptable to them, because they knew they were going to get something like this and they thought this provision was better than what they had before and the best they could probably get.

Mr. McCARTHY. Even if the administration asked to have its hands tied we should not perform the act.

The gentleman from Ohio [Mr. VORYS] also said there was no alternative to EDC. If that is the case then France and Italy should see the light. If there is no alternative they ought to come in, and we should not have to force them. If there is an alternative, however, it is to the advantage of the United States to leave the way open to go in and give help to them. If they do not go into EDC, or if they find a better way to do it, we ought to leave the way open for the granting of aid so that we can help to work out the alternative that may develop.

We must realize that the United States cannot stand aside observing the shifting of the balance of power in the rest of the world. We could do that in the 19th century and in the early 20th century. But that time has passed. We need to realize, with all the sobriety of historical awareness, that we are ourselves in the scales today in this struggle for balance of power in the world. What is called for is responsibility and maturity.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. LANHAM].

Mr. LANHAM. Mr. Chairman, the question here is not whether we have the right to write into this bill limitations such as the Richards amendment provides. The question is, Is it wise to do so? There is not any question but that we made a mistake last year in adopting the Richards amendment. It has been proven that we who opposed it were correct. Even the gentleman from South Carolina [Mr. RICHARDS] has agreed to the change this year. The gentleman from Pennsylvania [Mr. FULTON] offered to amend the bill last year by striking the amendment of Mr. RICHARDS. I supported him because I saw then that the Richards amendment was too severe, that it was not going to have the effect that the proponents honestly thought it was going to have.

The question is this year, Shall we continue in this bill provisions that are too restrictive although they have been agreed to by the executive department? There is not any question but that they accepted them because they knew, as the gentleman from New York [Mr. JAVITS] has said, that they were going to get something worse. As a matter of fact, Mr. Dulles said that in effect in a recent speech. He said, "We know that the language this year is too stringent and we prefer the new amendment to the continuation of the old one," or words to that effect. The question is, Shall we tie the hands of our Secretary of State and our President so that they cannot meet the rapidly changing conditions in Europe? I do not think we should.

Mr. Chairman, of course there is flexibility in this bill as far as the four countries who have already ratified are concerned; but there is absolutely no flexibility in this bill as far as Italy and France are concerned. There is a great deal of misunderstanding about the position of France. General Gruenther told the committee what the situation was. He said to us, "I think it would be a mistake to write any sort of restriction like this into the bill."

That was General Gruenther's statement. He is right there with the French people and he knows the problems they are having to deal with. He said, "If I had to go in and deal with the Foreign Minister of France with his desk piled high with problems he cannot solve, I would feel like a heel if I had to go in and beat him over the head with such a restriction as this."

He said that the French are reconciled to the rearmament of Germany. Of course, we must rearm Germany. He said that the French are reconciled to that, that the only thing they did not want to do is to give up their sovereignty under EDC. That is what this bill requires as now written. What we are trying to get is some flexibility so that if we do have to make a reappraisal, and we are going to have to do that, the President will have the power to take some other form of European unity other than EDC, which is a supergovernment and which England has refused to go into. Why should we insist that France join that supergovernment if she is not willing to do it?

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from South Carolina.

Mr. RICHARDS. The gentleman has said just what the gentleman from Pennsylvania said, that France did not

want to go into this thing because they would then give up their sovereignty.

Mr. LANHAM. That is right.

Mr. RICHARDS. As a matter of fact, is this not true, that it was France herself who first proposed EDC and signed the treaty?

Mr. LANHAM. That is correct.

Mr. RICHARDS. And then would not ratify it?

Mr. LANHAM. The rulers found that the people would not back them up in giving up their sovereignty. Consequently the French officials had to change their position on EDC.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. WHEELER].

Mr. WHEELER. Mr. Chairman, do not wonder about me being somewhat confused about this whole program, not being a member of the Committee on Foreign Affairs, but I was somewhat amazed to find the degree of confusion on the part of the membership of that committee as was evidenced here a few moment ago by a member of the committee referring to Italy as being an erstwhile ally of ours in World War II. I cannot imagine that it could possibly be said that they were an ally except that being on the other side would accrue to our advantage, but that is the only way I could possibly define them as being an ally.

I would like to say before reading a little editorial from a Washington newspaper that a little earlier in this debate I was somewhat amazed at two of the military experts of the House agreeing that we would be completely safe and secure in Europe if we could just get 25 ground force divisions of Germans to hold some theoretical line over there. I would like to ask these military experts just what you propose to do to save those 25 divisions of surface troops if and when the Soviets start dropping a few H bombs over there. How many of those surface force troops or how many divisions of surface force troops would it take to retaliate in kind? Germans would be preferable to some others but ground-force troops of any nationality would be useless in this atomic age.

Now, relative to the pending amendment, I would like to call the attention of this committee to a little editorial that appeared in the Washington News under date of May 3, 1954. It is headed "Eccentric Sam":

The attention of Congress, particularly those members handling foreign-aid appropriations, is directed to the following United Press dispatch from New Delhi, India:

"The Indians are beginning to think Uncle Sam is a pretty eccentric character. He poured $183 million of economic aid into India in 3 years. All the while, India refused to yield neutrality and side with the West in the cold war.

"Now, Secretary of States Dulles has asked Congress not only to continue economic aid to India but to increase it (by another $85 million).

"'I don't understand it,' an officer of the Indian Army said. Most Indians share his bewilderment."

Most Americans, we believe, are more than bewildered—they're flabbergasted. And we hope Congress takes note of American resentment in fixing the amount of handout we give this year to Nehru, the counterfeit "neutralist."

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Chairman, I note that my good friend from Georgia [Mr. WHEELER] refers to my remarks regarding 25 German divisions. I assume that along with those 25 divisions we would have the proper air and armored support for these German ground force divisions. I am one who believes in the ground forces as a necessary component in building our national defense forces. I have every confidence and faith in our own ground forces. They need no defense from me. Their performance in World War I and World War II and Korea speaks for itself. We must depend upon the ground forces and the armored forces, just as we do in our Air Force. They all work together in the overall picture in any kind of a defense program. So when the gentleman attempts to underestimate the suggestion that 25 German divisions with proper air and armored support on the line would not deter this communistic threat it surprises me. Also I do want the gentleman to know that there are other parts of our defense setup beside the Air Force. They are the Army, Navy, and Marine Corps.

Now, returning to the subject matter before us, I might say time is running out on us and certainly some decision must be made. We have patiently waited on action by France and Italy for the past several years with no satisfactory decisions reached. I am firmly convinced it is necessary to include Germany in any setup for the defense of Europe. Certainly, in event the Russians should move, which I doubt very much, if there were no opposition on the ground from ground and armored forces, they would move to the English channel as fast as mechanized equipment could carry them and occupy the great industrial centers of Europe, our supply depots and airbases, and we would be in a most difficult position. We would then be isolated on the North American Continent and pinned to our base without hope of moving from it to attack. It must not be forgotten that wars are won only by control of the land areas vital to the conduct of war. Control of these vital land areas is effected only by outmaneuvering the armies which guard them. Certainly the rearming of Germany with 25 divisions on the line, armored and infantry, would be a great contribution to the building of the defenses of Europe. In my opinion, with the other strength we have in Europe, it would deter them from any possible thought of moving against us. I would like to say to my good friend from Georgia, and he is my good friend, that in event we ever are catapulted into an emergency, I would like to see 25 German divisions, infantry and armored, along with our support ready to go into action.

The point that I am trying to make here is that it is my opinion that unless some plan is developed, the Germans are ready to go it alone, if necessary. There is not any question about that. The French have been engaging in dilatory tactics for the last 4 years. We were supposed to get a vote on ratification of EDC in the forepart of this year. We are no closer to a vote today than we were 4 years ago to ratify EDC and to permit Germany to participate in the defense program. And I doubt that France or Italy will ratify any agreement.

The gentleman from Pennsylvania [Mr. FULTON] referred to the piddling amounts that we have contributed in these foreign-aid programs. I say that when you get up into such sums as fifty or sixty billion dollars, they are not piddling amounts. We have been putting the cash on the barrelhead for a number of years. It is about time that we secure some cooperation from the French and the Italians in the matter of the ratification of this agreement in order to permit us to build up the defense of Europe, whether it comes through EDC or whether the Germans go it alone.

It is my opinion that they should make up their minds as to what they intend doing so that we can determine what we want to do.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. JAVITS].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 19, noes 92.

So the amendment was rejected.

Mr. FINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINO: On page 7, line 14, strike out lines 14 to 24.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment be concluded in 10 minutes, 5 minutes for the gentleman from New York and 5 minutes for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FINO. Mr. Chairman, this is a simple yet a very important amendment. It strikes out that section of the bill that cuts off military aid to France and Italy until these countries have ratified the European Defense Community Treaty.

Mr. Chairman, I do not believe any one nation is more concerned with the menace of communism and its threat to world peace and security than the United States. In our efforts to secure or attempt to achieve this peace and security in this troubled world, we have spent billions of American taxpayers' dollars all over the globe.

Whether this tremendous financial help to all of these countries in both hemispheres has been successful in diminishing the ever-present Soviet threat of aggression is problematical.

Whether our whole policy of military and financial aid to all of those countries should continue, presents a serious question that I am not prepared to answer.

But if I have a choice at this point in world history of investing American dol-

lars as against investing American lives, I will support the less painful course.

So long as the President, in his wisdom, feels that money and weapons might arouse the peoples of these countries to the dangers of communism, I am willing to go along with him. But, in our determination to promote peace and security, let us not do more harm than good.

Under this bill, military aid to Italy and France are cut off until these countries ratify the European Defense Community Treaty. While the action of the Committee on Foreign Affairs was well-intentioned, it is one of those dangerously threatening gestures which succeeds only in alienating people and not in persuading them. Since the close of World War II, the Communists have been our bitter rivals for the friendship of the Italian people. Russian propaganda has consistently tried to drive a wedge between us and this Mediterranean country, which is a key link in the defense chain of Western Europe. We have countered these attempts by strengthening our bonds of friendship with Italy and by extending financial and technical assistance designed to restore that country's economy and political life to a balanced position. Aid to Italy has amounted to about $5 billion, including the offshore procurement program of contracts to Italian industry.

Now the argument is that pressure should be used to get Italy to join EDC. The fact that our policy in Italy has served only to diminish communism and not to wipe it out entirely is a good indication that the problem is not solely an economic one. Of vital importance are our efforts to convince the Italian people that the policy of the United States is in their best political interest. We must do everything in our power to prove this. One sure way of doing it is to bring the Trieste problem to a speedy and just settlement. Such proof of our regard and friendship for Italy would be a far more forceful argument to the Italians for the ratification of EDC than a threat to withdraw military assistance.

Since the end of the war, Trieste has been one of the danger points in Europe. The lack of a solution in that area has been successfully exploited by the Italian Communists. Trieste, like all border regions, is an area of mixed population, but it is a port which has been developed by the Italians and which has been essential to them for their commerce. The Italian majority there has long looked to the United States in the hope that through us an honorable and equitable solution would be reached. So far we have not succeeded in using our influence to achieve such a solution. This is one of the reasons Italy has been hesitating to ratify EDC.

We have made offers to Marshall Tito of various compromises which, however, do not respond to legitimate Italian claims. Our attempt to gain Yugoslavia's friendship is nothing more than a calculated risk. Tito is not a member of NATO while Italy has played one of the key roles in this defensive system. I disagree with my colleague from South Carolina [Mr. RIVERS] when he says that Italy has done nothing. The Italian factories through our offshore procurement program are responsible for almost half of the military needs of NATO. And yet, why do we hesitate to bring about a just solution in the Trieste problem? Return Trieste to the Italian motherland, or at least arrive at a solution that is fair to Italy, and the bonds of Italo-American friendship will indeed be firm and lasting. But withdraw aid to Italy and not only will there be danger that she will not ratify EDC, but there is the more fearful possibility that Italy might become a Soviet Russian satellite.

Italy has proven herself to be one of our stanchest friends in Europe. If we now alienate Italy, we would be dealing our prestige in all of Europe a great and possibly irreparable blow. The consequences of cutting off aid to Italy are indeed frightening. The possible effect on NATO and EDC alone should make us doubt the wisdom of this course. The total effect in the battle against communism in Europe might be such a victory for the Kremlin that no responsible person can support this attempt to withdraw support from one of our allies and one of the key points of European defense.

For these reasons, I shall support the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, the gentleman's amendment would strike out the Richards amendment which was adopted last year and which has been debated for about an hour or so here today. I feel the House clearly wants to retain the Richards amendment which was brought in by unanimous vote of the committee, with the approval of the executive branch. I hope the present amendment is defeated.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. RICHARDS. Will the gentleman from Ohio agree that the Javits amendment and the Fulton amendment were very mild and that those amendments cut off just a finger from the EDC and this cuts off the head of the EDC proposal?

Mr. VORYS. This amendment would give the Richards amendment the business, therefore, I think we had better give the pending amendment the business.

Mr. O'NEILL. Mr. Chairman, I rise to support the amendment just offered by the gentleman from New York [Mr. FINO]. The legislation now before us, the Mutual Security Act of 1954, gives broad, wide and sweeping powers to the President of the United States. While I am in agreement with, and intend to support this measure as reported by the House Committee on Foreign Affairs, I note that in the report that sums specified for Italy under Europe are classified. The committee has not disclosed details of the program planned for that great nation. I know that the committee has been advised as to the intentions of the Foreign Operations Administration, and I respect the confidence in which this information is held. I also realize that Italy can receive no military aid from this legislation without becoming a member of the European Defense Commission.

In this connection, I wish to again impress upon all of the Members of this House that the question of aid to Italy is one of primary importance, not only to the Italian nation, but to all the civilized world. Italy's 47 million people makes that nation the second largest in the Western European bloc. Only France has a greater population.

Italy is beset with problems that are foreign to all of the other Western nations. Despite its great population, due to its mountainous terrain more than two-thirds of its area cannot be used for agricultural purposes. This necessitates the importation of a great portion of its essential food supply. Coupled with an agricultural shortage, there exists an almost complete absence of native coal, iron, oil, and other necessities for a modern, complex manufacturing civilization. The loss of the colonies, plus the raising of immigration barriers in the United States, France, and Australia prohibits draining off any part of the surplus Italian population.

As a result of these aforementioned factors, a great deal of unemployment exists. Unemployment is the natural father of discontent and unrest. To go to bed each night with hunger as a bedfellow is not conducive to clear political thinking. To observe each moment of the day, the plight and want of your loved ones does not tend to develop rational ideas.

Some say the Italian people are gravitating to communism. That I deny. The principles of communism are abhorrent to the Italian character with its great Christian tradition. Italian life is featured by its love of God, family, and country; the very antithesis of communistic doctrine.

The Italian people have never displayed a desire to conquer the earth, or to force upon others their way of life, culture, or political philosophy. They have established through the centuries a culture and mode of living from which other enlightened nations have been happy to borrow so that they in turn might be enriched. The long line of Italian poets from Dante to D'Annunzio, have given to all peoples a basis for thought that created a respect for the dignity of man. Verdi, Rossini, Peri, Caccini, and other Italian composers have established the musical standards of the earth. The golden voices of Caruso, Tettrazini, Martinelli, and Galli Curci have added richness to the lives of millions in every corner of the globe. The paintings and sculptures of Michelangelo, the rich warm colors of Raphael and Titian, the vibrant paintings of Correggio and Gordano, and many other Italian artists will live until the end of time. The world still marvels, although he has been dead for centuries, at the endless versatility of Leonardo da Vinci. Toscannini is still the peer of gathering together the brasses, woods, and percussions and developing a harmony that might even shame the heavenly hosts. Marconi and many other Italian scientists have given to mankind

the benefits of their massive minds making life easier and safer.

In our own hemisphere, from the days of Columbus and Americus Vespucci, men of Italian blood have been in the forefront of the vast struggle that has made the new world the wonder place of history.

In the colonial days, the Italian painter, doctor, musician, and laborer was found in Boston, New York, Charleston, Philadelphia, and Savannah. They fought under Washington in the dark, bloody days of the revolution. When victory came they gave their strength to the efforts being made to establish the young Republic. They, together with their neighbors, took part in the early development of the central section of our country. When the Nation was threatened with severance in 1861, they responded to Lincoln's call and one of the most famous of all the Union Army's regiments was the Garibaldi Volunteers. In this desperate war, four men of Italian background attained the rank of general in the Union forces.

In the latter part of the 19th century, and the early part of the 20th century, the United States saw a vast wave of Italian immigration. These vibrant people gave a new life and impetus to our country. They brought their artistic, scientific, and cultural backgrounds with them. They made the life stream of America richer and stronger. These immigrants, while contributing much, nevertheless instantly embraced the American way of life and shouldered the duties and responsibilities of United States citizenship. Spreading out as they did from coast to coast, border to border, they became active participants in the ever-moving American scene. Civic, fraternal, philanthropic, and religious movements gathered greater momentum from the contributions made by these new, young, vigorous, liberty-loving people. Wherever the Italians settled in our land they erected churches, schools, hospitals, homes for the orphans and aged, all built for the service of their American neighbors, regardless of creed, race, or color. Bit by bit, and day by day, they became more and more an integral part of these United States. They have given this country all of their hearts and faith.

However, by reason of their blood, and knowing much more of Italy and its needs, having heard from their fathers and mothers of Italy's struggle through the centuries, the Italian-American joined by all other thinking Americans, prays that the hand of friendship shall still be extended to the young Italian Republic. We hope more aid will be given to these people to whom not only America, but also the world, owes so much. We know that now, as through the centuries, Italy will rise to the last man to oppose barbarism if it endeavors to march again.

I am sure that all Members of Congress are aware that Italy is a natural ally by reason of culture, tradition, and blood, and I am confident that through the legislative action of the Congress of the United States, and the administration of the Foreign Operations Administration that through a program of mutual cooperation all will reap great dividends.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FINO].

The amendment was rejected.

The Clerk read as follows:

SEC. 107. Sale or military equipment, materials, and services: (a) The President may, in order to carry out the purpose of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within 60 days thereafter or, as determined by the President, within a reasonable period not to exceed 3 years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

(c) Sections 106, 141, and 142 shall not apply with respect to assistance furnished under this section.

SEC. 108. Waivers of law: (a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 1262 (a), and title 34, United States Code, section 546 (e); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of Revised Statutes 1222 (10 U. S. C. 576), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this act.

SEC. 109. Transfer of military equipment to Japan: In addition to any program of military assistance for which funds may be appropriated pursuant to this act, the President is hereby authorized to transfer to the Government of Japan, until June 30, 1955, upon such terms and conditions as he may specify, and upon its request, United States military equipment and supplies programed for Japan to meet its internal security requirements for which Department of Defense appropriations were obligated prior to July 1, 1953. No appropriation shall be requested to replace the military equipment and supplies so transferred, and no funds heretofore or hereafter appropriated for the purpose of this chapter shall be available for reimbursement to any United States Government agency on account of any transfer made pursuant to this section.

Mr. LAIRD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I support President Eisenhower and the Republican administration. They are doing a job for America. President Eisenhower does not expect this Congress, or any Congress, to approve every single request which the executive department sends to us. The basic philosophy of the writers of our Federal Constitution established the system of checks and balances which we operate under for a good and sufficient purpose. I cannot agree that the House Foreign Affairs Committee has fully exercised the prerogatives of the legislative branch of our Government in approving the entire request of the executive department in this Mutual Security Act of 1954.

This bill is presented to us as a $3.5 billion authorization bill, when in reality it is a $13.2 billion authorization bill, as it contains approximately $3.7 billion in new authorizations and $9.5 billion in requested carryovers to be reauthorized. On July 1, 1954, which is the start of fiscal year 1955, there will be $9.7 billion unexpended in previous appropriations made by this Congress to the mutual security program, and of this amount approximately $3 billion will be completely unobligated.

The House Appropriations Committee, of which I am a member, will be asked to make appropriations covering the new authorizations covered in the bill which we are considering today. If every penny is not granted by the House Appropriations Committee, members of our committee will be accused of not keeping faith with the Congress. In view of the fact that the mutual security program can be carried on for the next fiscal year, particularly the military aid program, without an additional dollar of new appropriations, it seems to me fantastic that we should authorize today military items which will not even be allocated for 3 or 4 years in the future. There is no question in the minds of the Members of this House that a program for mutual security of friendly nations in the world is needed and necessary in view of the threat of international communism. There are real questions in my mind, however, of whether merely making large authorizations and large appropriations will have any real psychological effect upon this threat of international

communistic aggression. I believe that we would be justified here in the House to reduce the new authorizations which are included in this bill by $1,200,000,000. By doing this we would be providing for a mutual security program of $2.3 billion in new authorizations plus the $9.7 billion in requested carryovers, making a total program of $12 billion provided in this Mutual Security Act of 1954.

In view of the situation as it exists in the Far East and in other sections of the world, it seems to me unrealistic to extend our lead time in this mutual security program beyond 2½ years.

I plan to vote against this bill unless substantial reductions are made on the floor of the House today in the amount of new authorizations provided for in this program.

The Clerk read as follows:

CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND DIRECT FORCES SUPPORT

SEC. 121. Southeast Asia and the Western Pacific: There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed $800 million for expenses necessary for the support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in such Associated States and for other expenditures to accomplish in southeast Asia and the western Pacific the policies and purposes declared in this act. In addition, the unexpended balances of funds allocated from appropriations made pursuant to sections 304 and 540 of the Mutual Security Act of 1951, as amended, for the purpose of support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in the Associated States, are hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

Mr. VORYS. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 14, after line 8, insert the following:

"It is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia."

Mr. VORYS. Mr. Chairman, this is a committee amendment which was adopted by the Foreign Affairs Committee this morning. This is offered at the end of the section of the bill dealing with Indochina, which provides $800 million plus unexpended balances "for the support of the forces of the Associated States of Cambodia, Laos, and Vietnam, and the forces of France located in such Associated States and for other expenditures to accomplish in southeast Asia and the Western Pacific the policies and purposes declared in this act."

It is a very broad and important section. As we know, the situation in Indochina is critical and fluid. The Congress has shown its foresight with reference to Indochina for over a year, after our Secretary of State appeared before our committee early in 1953 and told of the serious situation there. The committee brought to the floor and the House and Senate adopted an unusual section similar to this one, authorizing $400 million for the support of the defense effort in Indochina against the Communists.

The committee amendment has to do with the issue, let us say, of "peaceful coexistence." That concept for East Asia has been discussed considerably around Washington during the last couple of days. Now we believe in peaceful coexistence with our friends, the British, in spite of the fact that we have had two wars with them; but in spite of the ties of blood, language, and friendship we have with the British, and with due regard to our recent distinguished visitors, this amendment proposed by the committee will make it crystal clear that we are buying no part of a Locarno Treaty for Southeast Asia. The amendment provides that none of this southeast Asia money shall be used in behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia. It was typical of the Locarno Treaties that mutual guaranties were exchanged. It was proposed by certain recent visitors in Washington that we approve of similar treaties for Asia that would guarantee territorial lines that might be drawn out of some agreement or settlement at Geneva, dividing up territory between Communists and free peoples.

This amendment makes it clear that it is the sense of the Congress that we are not going to enter into or underwrite such treaties, and are not going to support the signatories of such treaties. This amendment makes it clear that none of the funds that we are providing for southeast Asia to carry out the purposes of this act are going to be used to defeat the purposes of this act. The purpose of this act with reference to southeast Asia can be found on page 2, line 20, where the Congress "reaffirms its previous expression favoring the creation by the free peoples of the Far East and the Pacific of a joint organization; to safeguard basic rights and liberties and to protect their security and independence." That is the purpose of this act, and this amendment makes it crystal clear that it is not the purpose of this act to have any of the funds used on behalf of or to aid governments which are committed by treaty to maintain Communist rule, which denies liberty and basic rights to free peoples, and destroys their security and independence.

That is the meaning of the amendment, and I hope it will be adopted.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. SMITH of Wisconsin. I want to associate myself with the gentleman from Ohio on this statement and to congratulate him and the other members of the committee on their wisdom in adopting this amendment.

Mr. HARRISON of Virginia. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. HARRISON of Virginia as an amendment to the Vorys amendment: At the conclusion of the amendment add the words "for the use in combat of any military forces of the United States without approval by Congress."

Mr. HARRISON of Virginia. Mr. Chairman, I am in favor of the amendment offered by the gentleman from Ohio. That amendment states that the funds appropriated in this act or authorized in this act shall not be used to carry out a certain kind of peace treaty. I am in favor of that.

My amendment goes further and adds the provision that neither shall the funds be used in furtherance of unauthorized war undeclared by this Congress.

I do not know what the administration policy is in Indochina; I do not think anybody knows; I think it is in process of formation. The Vice President in an off-the-record speech indicated that we would have to go to war. The Speaker of this House said, "No, we would not"; that all that was needed there was domestic troops. The Secretary of State seems to have been talking a great deal lately about the circumstances under which we would go to war in Indochina. So I do not know what the policy really is. With all due respect, it seems to be one that changes from week to week, from day to day, and from hour to hour. War in Indochina is a responsibility that belongs to this Congress, and while we are saying that we are not going to allow money to be spent on a certain kind of peace treaty or nations that adopt that peace treaty, I propose that we also say that we will not permit money to be spent on a war until this Congress declares it or permits the use of combat troops.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. HARRISON of Virginia. I yield to the gentleman from Rhode Island.

Mr. FORAND. Mr. Chairman, I ask unanimous consent that my colleague the gentleman from Connecticut [Mr. DODD] may extend his remarks immediately following the remarks of the gentleman from Virginia [Mr. HARRISON].

The CHAIRMAN. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. HARRISON of Virginia. Mr. Chairman, I yield to the chairman of the committee.

Mr. CHIPERFIELD. I am wondering whether or not section 102 of the bill does not take care of that situation.

Mr. HARRISON of Virginia. I do not think so.

Mr. CHIPERFIELD. The gentleman from Virginia knows I supported in committee an amendment somewhat similar to the one he has now offered.

The record on this points out that section 102 makes clear that United States military personnel can be assigned to foreign nations only for noncombat duty, including furnishing of training and advice. The language was included to give reassurance that the military assistance authorized in this bill does not include participation by the United States forces in combat. I am wondering if that language would not take care of the amendment that the gentleman from Virginia suggests.

Mr. HARRISON of Virginia. That language authorizes the use of troops under certain circumstances. This

amendment forbids the use of troops. I think there is a great difference.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. DODD. Mr. Chairman, as a member of the special Committee to Investigate Communist Aggression, I am detained in Europe where we are holding important hearings.

However, since I cannot be present to cast my vote, I would like to make my position with respect to the foreign aid bill a matter of public record.

I am in favor of this measure and I would vote for its passage because I believe that we must continue to assist our friends, from both a military and an economic standpoint, in order to make it possible for them to be strong enough to resist the forces of Communist aggression.

I am conscious of the fact that the American people have made a great sacrifice for several years in order to carry out this foreign aid program.

I believe it is a good investment and I think it will pay dividends, provided we do not permit the Communists to rob us of its substance.

Since we have been in Europe we have seen abundant evidence of the fact that many political leaders in this part of the world either do not or will not understand the evil nature of communism. Apparently some of them think of it as simply another political problem with international complications.

In the carrying out of our foreign aid program, we should, if at all possible, make clear to our friends that there can be no compromise with the forces of communism, and it would seem reasonable and sensible and in our best interests to require that our friends whom we assist stand unequivocably with us in our opposition to this evil influence.

There can be no neutrals in this struggle.

At the same time I believe that the times call for patience and understanding. Our task is to convince our friends, even while they provoke us and tire us with their unwillingness or inability to face up to the issue.

Whether we like it or not, as a matter of our own defense and security and welfare, we must take the lead in this struggle.

The responsibility of leadership thus thrust upon us will call for the best that is in us.

In order to lead others we must know ourselves where we want to go.

This requires a firm policy and a sound pattern in all of our international relation.

The cornerstone of this policy must be based on the principle of no compromise with and no appeasement of communism.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Virginia to the committee amendment.

As the chairman of the Committee on Foreign Affairs has just pointed out, we have provided in what we feel is the right way, by unanimous action of our committee, I believe, a limitation on the use of troops in section 102, page 3, lines 11, 12, 13, and 14, which states, under the authorization of services, "members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice."

Now, if the objective of the gentleman is to limit the use of combat troops throughout the bill, that has already been done; but if his objective is to prohibit the use in combat of forces of the United States—for instance, in their own defense in any territory they might be in, Asia, Japan, or Korea, or some place else—then I do not think he means that. As a matter of fact, I cannot conceive of the use of any of the funds out of this particular section for United States combat forces at all. We have provided in this bill for the things that the gentleman's remarks were primarily directed to, and with Executive approval in restricting the authorization in chapter I, which is the military-assistance chapter, of military money for Indochina. That is the chapter containing section 102, which limits personnel of Armed Forces or the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice, such as our troops performed in Greece, for instance. This is a clear prohibition against the use of armed forces. It protects the Congress in its prerogatives, and it seems to me that is the right way to do it, and this is the wrong way. I hope the amendment to the amendment is defeated and that the committee amendment may be disposed of on its merits.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Minnesota.

Mr. JUDD. Is not this language in 102 the same language that was in the bill passed by the Congress in 1947 to give aid of the same sort, military and economic aid to Greece when she was threatened? A lot of people at that time thought that language was not strong enough, which said that these forces may be detailed, the members of the Armed Forces, to Greece and Turkey in an advisory capacity only. However, the program was exceedingly successful. At no time did we have more than 600 men over there. None of them carried more than a revolver, sidearms, for his own self-defense in case he was shanghaied or something of that sort. To use this language does not change our policy one way or the other; therefore, it does not contribute to any possible speculation one way or the other as to whether there may be a change in American policy. I hope the language that has been tested will be agreed to.

Mr. VORYS. I agree with everything the gentleman has said except one thing. I am under the impression that the word "solely" in line 12, page 3, was inserted this year. This is as absolute a limitation as you can conceive of being put in at this time.

Mr. JUDD. "Solely" is even stronger than "only."

Mr. HARRISON of Virginia. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Virginia.

Mr. HARRISON of Virginia. My understanding of the gentleman's position is that it is already in the law. In that case, what possible harm could there be to spell it out? The gentleman is undertaking to tell the executive branch that these funds cannot be used for a certain type of peace treaty, so then what harm does it do to say that it cannot be used for an unauthorized war?

Mr. VORYS. Here is the difference, to answer the gentleman's question. This is a ticklish subject, and we do not want to tread on the constitutional prerogatives of the President, and we do not want him to tread on our constitutional prerogatives. We worked this out in committee with some care in an earlier section, section 102. The gentleman's amendment contains language which I do not fully understand and I hope it will not be adopted.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe that the amendment offered by the gentleman from Virginia goes too far. It covers more situations than he believes it does. I believe that section 102 does protect, as the gentleman from Ohio has said and as agreed to by the gentleman from Minnesota, so that there is adequate protection in this bill against the administration getting into an undeclared war without action or consent of Congress.

I would like to comment on the original amendment, and I want to separate myself from the policy that says to our great ally, Great Britain, that if you join a Locarno-type treaty, we will cut off aid under this bill. To me that is a wrong use of money power. That is using dollar diplomacy. If this Congress in its great wisdom, and this House, believes that we should have a sense motion, I believe that it should be put as a separate sense motion as to what we believe and not use the weapon of money to force a willing ally to change the position that she thinks might be wise in the guidance of her own foreign affairs. We must remember in this world of ours that we need a society of friendly democratic nations. We need to speak frankly of our divisions, but we should not use the money power in any way to force a friendly nation to do what it otherwise would not do and especially as great and as good an ally as Great Britain has been.

So, I would separate this off if I had an opportunity, but cannot now. I urge that when we might make a sense resolution on another nation's foreign policy it should be by a separate resolution and not in a money authorization bill. Secondly, even though this states it is a sense matter, it nevertheless implies that no money shall be given. This is because the amendment reads that it is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory in Asia. That, in effect, is a request to the President, the Executive,

who has charge of the foreign policy of this country to cut off aid in his discretion if Great Britain enters into a Locarno-type treaty with any other nation about Asia. I respectfully request, and ask the House in its judgment later to consider, when the bill comes up to conference, to make a change in this provision so that it does not in any way reflect on this ally of ours, Great Britain.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. HARRISON] to the Vorys amendment.

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment of the gentleman from Ohio [Mr. VORYS].

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do this for the purpose of asking a few questions of the gentleman from Ohio [Mr. VORYS]. I note the language "it is the sense of the Congress that no part of the funds appropriated under this section shall be used" and so forth. I am wondering why the words "it is the sense of the Congress that" are necessary. Why should we not say definitely no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia? Why do we not hit it head-on.

Mr. VORYS. Mr. Chairman, if the gentleman is addressing the question to me, it seems to me that this formula is appropriate in this instance whereas, due to the history of the Richards amendment, it is inappropriate there. This is a field in which the situation is quite fluid. We have got "sense" language in section 106, referring to this same situation where it says that the President in carrying out the provisions of section 121, which is the Indochina section, "shall give the fullest assistance to the free peoples in that area, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence."

That general language has been in the bill as a sense resolution for 5 years. We have put it in with especial reference to it. This is pretty broad language to incorporate in a statute and it was felt by the committee that it was more appropriate, acting on this matter, where we had no opportunity to take it up until this morning, to have this as a sense proposition rather than a clear mandate.

Here is the problem, if the gentleman will yield further. We are talking about treaties that have not yet been signed, treaties that are merely proposed by some of our dear friends from across the water.

Mr. McCORMACK. Our dear friends? I thought they were dear friends, and I hope they will become dear friends again, but I have my doubts today, I am sorry to say.

Mr. VORYS. It was felt that it might be well to leave the language in this form perhaps while our visitors are in town and, as the gentleman from Pennsylvania [Mr. FULTON] and others have suggested, it may be possible to perfect and polish this in the other body and in conference. But one of the things that is true about this is that this is the sense of the Congress.

Mr. McCORMACK. The gentleman, of course, will admit that in opposing the amendment of the gentleman from New York [Mr. JAVITS], on which I voted along the lines the gentleman from Ohio argued, and along the lines that the gentleman from South Carolina [Mr. RICHARDS] argued, that he said that "in a sense" did not mean much; that the words "it is the sense of the Congress" did not mean much. Using the same words here also may not mean much in the event that a nonaggression pact is undertaken in Southeast Asia, such as is commonly known as a Locarno pact.

Mr. VORYS. We are against a Locarno SEATO. Any "sense" resolution of the Congress of the United States has great weight with the United States Government, and I think with the world.

Mr. McCORMACK. I will accept that statement.

Mr. VORYS. The Richards amendment was devised in committee and after long conversations with the executive branch. This amendment was devised this morning in committee. I understand the executive branch has no objection to the words in it. We feel it is better to leave it this way.

(By unanimous consent, Mr. McCORMACK was allowed to proceed for 5 additional minutes.)

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from New York.

Mr. JAVITS. I may be of some use to the gentleman. I have studied this carefully. The difference is this, as I see it. There is no Locarno Treaty for Asia such as Mr. Eden mentioned. There is an EDC. You are talking about a treaty in being in the Richards amendment, and you are not talking about a treaty in being in this amendment. Therefore, if anything, there can certainly be no question here of a sense resolution rather than tying it down, because there is nothing to tie it down to.

Mr. McCORMACK. I can see the gentleman's position. He is consistent, but my friend from Ohio seems to me somewhat inconsistent. But I am going to follow him again in the language of the amendment. I had an amendment here to strike out those words, but I realized the difficulty confronting the committee. I think this represents, as the gentleman from Wisconsin [Mr. SMITH] said, a very fine move and a decidedly advantageous amendment. But may I ask my friend this. I notice in the newspapers that Mr. Churchill when he arrived here said he was coming over to try to settle some family troubles. Is my memory correct? Does the gentleman remember that?

Mr. VORYS. I think he said "family matters."

Mr. McCORMACK. Family matters, yes. Of course, in any little family the main support usually has a pretty potent voice in family matters, does he not, the one who provides for the family?

Mr. VORYS. Not in our house.

Mr. McCORMACK. The one who pays the freight does not have much to say, does he? Does not the gentleman think that as we are paying the freight here pretty well we ought to have quite a voice in any of these family matters?

Mr. VORYS. I think so. I still believe in the Declaration of Independence and cooperation.

Mr. McCORMACK. We will leave the Declaration of Independence out of it now.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. JUDD. I appreciate and approve the candid and courteous way with which the gentleman from Massachusetts has dealt with a very delicate matter. No person likes to take exception to anything said by such a distinguished foreign guest as is in our midst—one for whom we have such great admiration. But he and his foreign minister have been very frank, and I am sure they expect us to be the same. To keep the record straight, it has to be said that the statement by the British Prime Minister that he came over here to discuss some "family matters" was to say the least unfortunate. It could have only the most mischievous effects on people who live east of Suez. The single biggest handicap and liability which the United States has in Asia—and I speak carefully—is that it generally is too closely allied, or appears to the Asians to be too closely allied, with the European colonial powers.

The heart of our President's foreign-policy problem is this: How to hold together our alliance with the countries of Western Europe and at the same time to prevent their giving East Asia away, or losing our influence in Asia through being identified in Asian minds with British and French policies. This is a tough one but we have to do both.

When Mr. Churchill gives the impression that the British and we are all just parts of one special family, it is made to order for the Kremlin. That is what the people in the Far East largely believe, that when the chips are down the United States will always stand with France and England, in a white man's club, even at the expense of the peoples east of Suez.

Therefore, and I say this not in criticism of our British guests but in defense of my own country's interests, I think the United States and the Congress must disassociate themselves most emphatically from the notion that we have peculiar ties or obligations or attachments to our Anglo-Saxon forebears, proud as we are of that ancestry. We do not belong to any other family than the human family. We are concerned for the freedom of all people. And this bill's purpose is to help all people who are fighting for freedom wherever they are or whatever their color or tongue.

We support England and France in Europe not because they are England and France, or because they are of the same race as we, but because they are

trying to remain free. We do not support their empires and some of their policies in Asia. We stand beside and support all people there who are trying to become or to remain free.

If the United States could just get it through to the whole world that our policy is everlastingly to support the efforts of people everywhere to be free regardless of their race or language or their ethnical background or otherwise, the effect would be electrifying.

The people of the world are still waiting hopefully, and almost desperately, to hear this great Republic say in word and deed, "We stand as we did at our own beginning, against any effort by anybody to impose his will upon other people."

Mr. McCORMACK. Mr. Chairman, I am supporting this bill. I always have been a supporter of past legislation. I realize the situation. But to any of my friends who might be uncertain and who might ask themselves the question: Why should we do this? Let me suggest that they ask themselves an additional question, namely: Suppose we do not do this? What then? What about the other side? Of course, there are calculated risks, but on the other hand it is best to refer to these unnecessary gratuitous observations because it is constructive and it is for the benefit of those who say they are our friends, and certainly we have shown our friendship for them.

Mr. Chairman, from a constructive angle, I want also to state I resented very much Eden's speech in Commons. I thought it was intemperate before coming over to America to engage in a high conference with the President of the United States and the Secretary of State to make publicly and officially the statement he did. The President is my President and the Secretary of State is my Secretary of State. They may be Republican by politics and I might criticize them, but I am not going to stand for criticism of them from abroad—not criticism of that kind. When they are coming over for high policy meetings, I thought it was somewhat contemptuous for such a statement to be made where it was made. These are my observations and they are made so that they might have the benefit of the views of one who has always supported this legislation, and one who has supported this kind of legislation because I consider it to be in the national interest of the United States. It happens also to be in the national interest of other countries who want to be free from the domination of communism. I think in making these frank observations, I am doing good not only for ourselves but for some of our friends of yesterday who protest their friendship, but whose actions seem to indicate a parting of the ways. I am very much concerned over the meeting of Nehru and Chou, and their entering into a nonaggression pact. I am wondering if Churchill and Eden knew that Nehru was going to meet with Chou. It would be a strange thing if they did not know. I am wondering if Churchill and Eden made a deal with France and Red China at Geneva. Those are things that enter my mind looking at it in my own way and because I have the national interest of my own country at heart. So in voting for this bill, I want to make these observations so that they will know that these are some of the questions which are in the minds of some Members of Congress, and also in the minds of some Americans. Friendship is a two-way street, not a one-way street. England has recognized Red China. We have not. Do they expect us to enter into a Locarno agreement, so-called, which would mean at least a de facto recognition of Red China? They might not have difficulty in making such an agreement, but we would because we have not recognized Red China. Furthermore, there is an additional question. Suppose you enter into a nonaggression pact? It is supposed to be upon the basis of friendship and in the very next few days enter into a Southeastern Asia Defense Agreement, which is the opposite of the nonaggression pact; is it not? In other words, you make a nonaggression pact and then the very next step, make a defense pact saying that if one of the parties to the nonaggression pact violates it, we would go to the defense of the country members of a defense pact. Both seem to me to be inconsistent with one another.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. VORYS].

The amendment was agreed to.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe that Prime Minister Churchill and Eden in coming to this country, came in a spirit of friendship and confidence. When they class themselves as part of the family in visiting us, I accept their friendly statement. I believe they do think they are part of the family of free nations and of free people. I feel further that while they are guests in this country, there are many of us, and I am one of those people specifically, who are glad to have them here and really glad to have discussions on a friendly basis of confidence.

Whether or not the conferees have come up with an agreement, at least they have talked as free and independent people. There is a knowledge of the basis upon which our two great nations and their peoples are acting. Such frank discussion and friendly visit reaps a real benefit. We should thank Mr. Churchill and Mr. Eden for their friendly interest and courtesy in coming so far to talk over our mutual serious problems with us.

I would further state that I am one of those who does not want the power of money used on our friends and allies as a club or a whip. I think we can move along by basic principles and cooperation instead of using an authorization bill of this type, to insert a smear amendment without even stating the basis or reasons for it.

In conclusion, surely we have our troubles with our allies. They have their troubles with us, too. We have friends and relatives and employees who do not always do right.

We free nations have our disagreements, but we should not let those disagreements divide these long friendships, because it is our security and our freedom that are at stake, and we must bear the burden of it.

A good thing about Congress is this, that you have to stand here and justify yourself. You have to do it on your own feet and say what you think. If anything, I admire the British for saying what they think ahead of time, when they are considering or are about to do something, which would affect our United States position and policy. So on this amendment we are guessing that they might go into a Locarno-type treaty in the Orient. We do not know about it. But we are saying by this amendment that if they should, it is the sense of Congress that we might take the money away.

For me, I want to welcome Churchill and Eden. I hope they come back again and I hope that in future years I may be able to stand side by side with the British people and the Italian people and the French people and the German people, about whom this debate has been had today. Some of us have to state these basic positions. It may not be popular, but we are standing with these people and we mean it.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. HARRISON of Virginia. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. HARRISON of Virginia:

On page 13, line 17, after "President", strike out the remainder of line 17 and all of lines 18 through line 24, and the word "addition" in line 25.

And on page 14, line 7, after the word "1955", strike out the balance of line 7 and all of line 8.

Mr. HARRISON of Virginia. Mr. Chairman, the purpose of this amendment is to strike out the authorization of $800 million for Indochina. This bill, as reported by the committee, in reauthorizations and in new money, provides for Indochina $2,200,000,000. The effect of this amendment would be to reduce that to $1,400,000,000.

Mr. Chairman, when we speak of flexibility, of which we have heard a great deal today, we should recognize that never before in any of this sort of legislation has such absolute power, such flexibility, been given to the executive branch as in this provision dealing with Indochina. It has always been the custom, and the proper custom, for the executive to come forward and justify what it intended to do with funds asked of this Congress to be authorized. In this case the executive did that by evidence in support of the Navarre plan. It supported it with tables, charts, and testimony. All of that is now defunct, and this proposal is now, without any evidence to support it—it says that sometime, someday, we are going to formulate a policy in Indochina, and the Congress gives the money in advance in approval of it. I think that is bad policy to surrender the power of this Congress over the purse and over appropriations.

I listened with a great deal of interest a moment ago to the splendid statement in support of the President of the United States made by the gentleman from Massachusetts [Mr. McCormack]. I subscribe to that. I agree with that. Of course, the payoff of that is that Vice President Nixon made his speech on last Saturday night. I have not forgotten the insolent effrontery of the Governor of New York when he referred to the words "Democrat" and "treason" as being synonymous. I approve of not countering that with similar unjustified statements. On the other hand, I am not going back to my people and plead guilty to the charge of granting to the bureaucrats in the State Department and the Pentagon: "We have such confidence in you that we give you $2,200,000,000 without any accounting whatsoever."

I cannot say, "Go ahead and do what you want to do with it; we have confidence in you and do not want any accounting on your part." I cannot give that kind of support.

Mr. Chairman, I yield back the balance of my time.

Mr. JUDD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the remarks of our friend the gentleman from Virginia [Mr. Harrison], of course, strike a responsive note in everyone's heart. It would be so nice if we could do the sort of thing he proposes.

He is perfectly right, that a situation might develop in southeast Asia where not a cent of this new money would be used; but that would be an almost unbelievable catastrophe for the United States, for it would be because that whole area had gone over to the enemy; and its manpower, and its resources, and its strategic bases for Russian submarines on the Indian Ocean and in the southwest Pacific would all be in the hands of the forces that are dedicated to our destruction.

This authorization was voted last year to be used just in Indochina—or the Associated States, as they ought to be called now, because they are no longer 1 French colony but 3 independent countries, Vietnam, Laos, and Cambodia. Everybody knows the unfavorable developments in Vietnam and in fact in that whole portion of the world and recognizes that things could get steadily worse for a time. Anyone who looks at the map must realize why that very fact means this year we need to authorize the appropriation to be available on a flexible basis for the defense of the whole area, to use in whatever ways and places will be most effective.

Surely, the loss of one engagement, even though it be a very important engagement, does not mean that we are going to follow the advice of some who seem to be suggesting that we should scuttle and run or surrender to the enemy. We have got to find effective ways to build strength in that part of the world. The purpose of the funds is to hold in the free world as much as possible of southeast Asia and the western Pacific. That includes the Philippines and Japan, in case anyone has forgotten.

I hope that the members of the Committee of the Whole have examined the figures on page 18 of our committee report where the populations of these various Far Eastern countries is outlined in detail. What do the figures there mean? They mean that the thing the Communist world already has most of is boys; the thing the free world has fewest of is boys. Are we going to turn over to the other side pretty nearly one-third of the people of the world—potential producers and consumers, but also potential soldiers—by telling them in advance by the action proposed here today that since things look bad, we are going to quit? We wish the situation might have been different but since it seems to be going from bad to worse, we intend to withdraw our support. On the contrary, I think we must make every effort to save as much as possible of that part of the world.

For many long years I have warned on every possible occasion about the seriousness of the Communist expansion in China, Korea, and southeast Asia. But there is no reason for those who would not pay attention then, to become panicky now.

I am not as pessimistic about that part of the world as some are who until a few months ago refused to be as alarmed as the facts deserved. If we would just get it over to the people in Asia that they can count on Uncle Sam, I think you would quickly find far greater strength there than you witness today.

When we were in Burma last fall we talked with a member of the government, a very intelligent and alert young official, who said: "You folks do not like our position of neutralism." He volunteered the observation. We would have got around to the subject sooner or later and asked him about it, but he brought it up himself. He said: "We have an 800-mile border with Communist China. We have 19 million people, Communist China has 450 million. We have an army of a few hundred thousand; Communist China has 4½ million. How," he asked, "can you expect us to stand up and defy Communist China right across the border when some of your allies half way around the world insist that you accept Communist China? We cannot resist them, if the West is going to embrace them."

I did not have any good answer.

One reason some of those countries are weakening today is because they are not sure of us; and the gentleman's amendment if passed would indicate that there is reason not to be sure of us.

I came back from two trips to Asia last year with about five main impressions.

First. Many of the people living there are more keenly aware of the nature of communism and its objectives than many here are.

Second. They are afraid of it, because they know it will destroy the newly won independence for which they fought for scores, even hundreds of years. They do not want to lose it.

Third. They want to be on our side because they know that offers their best hope to retain their precious freedom.

Fourth. With the exception of the Philippines, in every one of those countries we found a haunting anxiety, or at least uncertainty, as to the clarity and the constancy of American purpose and American policy. They are afraid that we will go to some conference, and Molotov or Chou will make a big proposal that looks like a "settlement" and promises to give peace and security to us in the West; and that we will buy it, no matter what it does to them.

Fifth. They know that we in the West have the power, but they also know we do not as yet have the will and the unity. They know the Communists have the will; they do not as yet have the power. Probably this whole world struggle depends on who gets first both the will and the power.

Mr. Chairman, unless we want to commit suicide, we cannot in my opinion, adopt these proposed gestures which would not save money, but would weaken our allies, weaken our security, and thus cost us more money for our own defenses. Much of Asia will crumble once it becomes convinced the Communists are going to win. We must not take any action that would justifiably give the impression that we are resigned to the continued successful advance of the Communists. That would be the way to war, not to peace.

I hope the gentleman's amendment will be defeated.

Mr. JACKSON. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I shall oppose the amendment offered by the distinguished gentleman, a member of the committee, not because I feel that the dollars and cents involved in this section will solve the tremendous and continuing difficulties and problems that are the lot of the free nations of the world attempting to stem Communist aggression in Indochina and elsewhere. I think that in light of the criticism and implied criticism that has been directed at some of those with whom we are allied, perhaps a word should be said at this point in debate, in the way of a word of praise, a word of understanding, a word of encouragement, to one of the nations with whom we are allied that has had the temerity and the intestinal fortitude to stand up and face the Russian bear unafraid. Some of our other allies, some of those who appear to live in fear and trembling for what tomorrow may bring, could well look to Turkey as an example of not only how to stand up and be proud and sovereign in one's own right but how to utilize wisely and well the aid that has been furnished in such tremendous sums by this Nation.

The gentleman from Minnesota has spoken of the fears of the peoples of many nations in southeast Asia. Those concerns and those fears are shared in large part by the American people. It is a matter of concern to all Americans whether or not southeast Asia can be saved from Communist aggression. It is my personal feeling that under the conditions presently existing it is a most difficult, if not an entirely impossible, situation. I cannot conceive that the peoples of Vietnam, the peoples of Laos and Cambodia, are willing to exchange the aggression of the Soviet Union, of Red

China, the international aggression of communism, for a continued colonial status under a European power. It seems that one of the conditions precedent to any successful defense of southeast Asia is the complete and unqualified independence of those nations. Freemen, fighting for their own freedom upon the soil of their homelands, are more likely to strike substantial blows than those who strive only to retain an uncertain status halfway between slavery and liberty.

Secondly, it seems to me there can be no good purpose served in that part of the world unless those free nations that still remain unfettered are willing to band together on their own initiative, first of all, and then present to us and to the other allies a plan of action which will be developed by them themselves and brought forward. We have tried to draft here in Washington in the executive and in the legislative branches blueprints for the defense of the world, and I must say that all of those blueprints, when they are reduced to terms of effective support for our efforts, show pretty much on the debit side of the ledger. We have not bought any friendship with the hundred-and-some-odd-million dollars we have spent.

Third, in relation to Indochina, a question which was asked of me a great many times during my recent visit to my district in California was "What thought is being given to the utilization of the divisions of Chiang Kai-shek on Formosa"? Those are the divisions which General Van Fleet paid the high compliment to by saying of them that they were among the best he ever reviewed. These troops, in truth and in fact, are immobilized in Formosa and of no use to the Eastern World, the Western World, or anybody else. I hope that some consideration is being given to putting that force to effective use.

As one individual member of the Committee on Foreign Affairs, I submit that those three points, the matter of the mutual-assistance pact in southeast Asia, the matter of the independence of those nations who are expected to carry the fight for southeast Asia, and the utilization of forces that are readily available in that part of the world, the utilization of which forces could blunt in large part the Communist propaganda that this is a war between the white man and the yellow man—these things, I think, are deserving of serious consideration.

Mr. H. CARL ANDERSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, after listening to this debate for 2 days there comes to my mind certain impressions, and I think that now is as good a time as any to express them in view of the fact that on tomorrow or the next day we will have before us a bill which affects the economy of this great Nation of ours more than any other considered or passed this session. I refer to the Hope bill coming out of the Committee on Agriculture, the so-called one-package farm bill. I heard over the airwaves last night considerable oratory, having for its mistaken purpose the building up of pressure upon us in behalf of Mr. Benson's flexible price support program. I term it "mistaken" because Mr. Benson's program, if adopted, would depress farm income and bring to our doors the beginning of another depression. Mr. Benson and his supporters cry out to heaven against the cost of our price support program. Yet, here in this one foreign aid bill we have three times the amount for foreigners than the total net realized loss of the price support program during the 20 years have amounted to. As the gentleman from Ohio [Mr. BROWN] so aptly said yesterday, it is time to begin to reappraise our line of thinking upon all of these important matters. It is time, perhaps, to consider whether we could not knock off $400 million, at least, of this authorization and on the other hand be a little liberal to our own farmers in helping to maintain the price level of our own economy. Drop the price level on our basic farm commodities and you will cut down by $4 billion the purchasing power of agriculture. Do you not think it is about time to do a little serious thinking along that line? Is the prosperity of our own people not more important than many things in this bill? Is it not more important to see to it that our great dairy industry in America will be able to produce sufficient milk for the children of generations to come by giving the farmers an incentive through a fair price for that which he produces through long hours of labor? Is it not more important to do that? Or shall we dump $85 million for example into India alone, in just one item here in the bill before us, an item under the heading "Development Assistance." What do we propose to do with this $85 million?

By the way, I want to say to you that my subcommittee had an hour's conference with a very fine gentleman, the head of the Indian Government, Mr. Nehru, last October. But, never once during that hour's conference did Mr. Nehru even express a semblance of gratitude for the $200 million that we have donated to that country in foreign aid in the last 3 years. It made me stop and think. Yet we have another $85 million here for such things as what? Deep wells for irrigation, railroad rolling stock, a fertilizer plant, transmission lines, a dam to avert flood danger. Yet we had a $10 million flood damage just the other day in the great State of Iowa. Has the Congress done anything about that?

Yes, here is an item of $5 million for the transmission and distribution of electric power. And yet, the other day, Nebraska was denied, by the conferees on the Interior Department bill, an item for the building of a transmission line to take Missouri River power into that State; and my own transmission line leading into Minnesota from the same river cannot be completed into its logical loop arrangement because of the cost.

When last fall I saw this program of 2,650 deep wells coming into being in India at a cost of $8,000 each to the taxpayers of the United States, those same deep wells each bringing into being 700 or 800 acres of top cotton production, to take away much of our own market in the Orient, it set me to thinking whether or not the Congress was being foolishly generous toward people abroad, and whether the Congress should not be thinking a little bit more of our own people. Perhaps it is not so glamorous to help our own. I did see much in India which was good.

I saw there the wonderful work being done under the point 4 program, the program of technical cooperation. We show them how to live in decency and cleanliness. We teach junior county agents, who in turn teach their own people. That is fine work. I am for that. But I am not for sinking 2,650 deep wells to help them increase production to a point where we will lose our cotton markets. I am not for that kind of foolishness. I am not for the sort of foolishness that will give them $5 million for a transmission line when Nebraska and Minnesota cannot get what they need. Let us give to these people our "know-how," but let us not be extravagant and spend millions of dollars for production of competing goods—yes, millions of dollars we must first borrow and add to our $275 billion debt. Even now Congress must raise our debt limit.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. H. CARL ANDERSEN. Mr. Chairman, I ask unanimous consent to proceed for an additional 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. H. CARL ANDERSEN. As a member of the subcommittee on appropriations, which will later bring in the appropriation bill under this authorization act, I hope to be instrumental in cutting out about $400 million from this bill and utilizing that $400 million instead to hold price supports beneath the basic commodities of this great Nation of ours, the farm commodities which are the basis of our economy; the farm commodities which determine whether or not your people in the cities are going to have enough to eat and jobs for your people. If you crush down the prices of those farm commodities, as Secretary Benson would like you to do, and go into flexible price supports, you will see what will happen to our economy. Why must we gamble with our own financial security?

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. I think the gentleman should clarify a statement that he has made. He said that the Prime Minister of India, Mr. Nehru, did not express appreciation of the help that he got from us. Mr. Nehru did express some appreciation because, when our planes were on a mission of mercy to help the garrison at Dien Bien Phu in Indochina, he made those planes fly an extra 1,500 miles out of the way.

Also, on yesterday, while this bill provides more help for him, he had a meeting with the Premier of Red China, ganging up against us.

Mr. H. CARL ANDERSEN. I repeat that in the conference that Mr. JENSEN, of Iowa, Mr. HUNTER, of California, and I had with Mr. Nehru, lasting some 55 minutes, not once did he suggest in my hearing any gratitude for the $200 million that we have poured into India in

3 years. I think the time has come when we should be blunt. I think the time has come to give a little bit of this largess, if you will, to some of our own people.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Texas.

Mr. DIES. Does not the gentleman realize that he is preaching a very revolutionary doctrine when he suggests that if we have got anything to give away that we ought to give it away here?

Mr. H. CARL ANDERSEN. Revolutionary or not, I hope the Congress will follow my suggestion and remove from this bill any item which is not strictly a defense item, or which is not technical cooperation. I cannot vote for a bill of this magnitude. There is nearly $1 billion too much in it.

Mr. CHIPERFIELD. Mr. Chairman, I move to strike out the last word.

Mr. CHIPERFIELD. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DOMESTIC BENEFITS DERIVED FROM MUTUAL SECURITY PROGRAM

Mr. CHIPERFIELD. Mr. Chairman, many times when we consider the mutual-security program authorizing huge sums to assist foreign countries in the mutual-defense effort we are prone to think of them as giveaway programs which in turn do not benefit the United States. The justification for the mutual-security program rests on its contribution to the security and well-being of the United States in carrying out important elements of United States foreign policy. Reference to the justification in these terms, however, allows to pass unnoticed the benefits which many United States citizens—workers, farmers, manufacturers, and others—can see and feel from day to day in measurable form. As part of the whole picture these benefits should be borne in mind. They accrue immediately from dollars spent under the program in the United States, and accrue ultimately from dollars spent overseas, since virtually all dollars must eventually find their way back to be spent in the United States. Benefits to the following groups within the United States are illustrative:

First. Farmers:

(a) Farmers are benefited by the extensive purchases of United States agricultural commodities for use in the program. These purchases totaled over $535 million in fiscal year 1953 and the first 8 months of fiscal year 1954, and an additional $228 million in agricultural surplus has been purchased or contracted for fiscal year 1954 with section 550 funds. Even greater purchases are anticipated in fiscal year 1955.

(b) Farmers are benefited by the opening of new markets as the economic development of foreign countries increases standards of living and per capita food consumption.

Second. Manufacturers:

(a) Manufacturers of civilian items ranging from bulldozers to needles, and their employees, are benefited by purchases of hundreds of millions of dollars' worth of civilian products annually. As an example of the scope of these purchases, during fiscal year 1953 and the first 7 months of fiscal year 1954 over $720 million of paid shipments for such items were financed by FOA from the United States and its possessions.

(b) Manufacturers of items for military use and their employees are benefited by the purchase of billions of dollars' worth of their equipment for delivery to foreign countries.

(c) Manufacturers of farm machinery and their employees are benefited by increased sales as technical cooperation programs train people in underdeveloped countries in the use and advantages of United States plows, tractors, and other modern implements. For example, since the technical cooperation farm machinery program began in Peru 10 years ago, tractor sales in Peru by private United States firms have increased from $453,000 to $5,700,000. They are benefited also by irrigation projects which increase the amount of arable land, creating a need for efficient modern equipment.

(d) The same principle applies to other types of equipment and material used in technical cooperation and development assistance programs. An illustration of the relationship between these programs and sales by private United States manufacturers is the 800-percent increase in the annual sale of United States pharmaceutical products in Latin America since the technical cooperation health program began there 12 years ago. As the standard of living of these countries increases, the demand for United States products and the purchasing power to secure such products increases.

Third. Small-business owners: The owners of small businesses are benefited by increased business opportunities arising from the activities in the Office of Small Business, FOA, including:

(a) Distribution overseas of 60,000 copies of a special directory listing 15,000 United States manufacturers.

(b) Placing United States firms in contact with foreign firms seeking business contracts, and

(c) Supplying United States firms with advance information about contracts which are to be financed by FOA.

Fourth. Investors: United States investors are benefited by increased overseas investment possibilities. The Investment Guaranty Program insures overseas investments against the nonbusiness risks of expropriation and nonconvertibility of foreign currency. Over $45 million in private overseas investments have already been guaranteed, with 50 applications for convertibility guaranties of about $60 million pending, and 27 applications for expropriation guaranties of about $30 million pending.

Fifth. Church groups and voluntary relief agencies: Many church groups and other organizations which ship articles of relief—clothing, food, medicine, and so forth—to overseas destinations are benefited by the provision of shipping facilities without cost to destinations throughout the world. Over 120 million pounds of relief supplies valued at $43 million have been shipped without cost as of March 31, 1954.

Sixth. Engineering firms: Engineering firms have entered into industrial contracts as part of programs financed by the Foreign Operations Administration of a value of over $60 million during the past 6 years.

Seventh. Universities and colleges: Twenty-five universities and colleges within the United States are participating, as of May 15, 1954, in 35 contracts of a value of $10,619,038 with foreign colleges and universities as part of programs financed by the Foreign Operations Administration. In fiscal year 1955 it is anticipated that approximately 50 new contracts will be entered of a value of about $15 million.

I was one of the sponsors of the provision in this bill, under section 103 (c) which limits the procurement of materials outside the United States when it has an adverse effect on the economy of this country. The purpose of this provision is to prevent unfair competition with production in this country, and give an equal opportunity to procure the same items here, especially from distressed labor areas such as those that have been placed in group 4 by our Labor Department.

I helped sponsor the provision in this bill which would dispose of $500 million agricultural surplus products abroad. This should be of great benefit to the farmers.

I supported the provisions in this bill which are designed to be of assistance to small business in helping them secure their share of defense contracts.

I also offered an amendment in committee which would have prohibited the use of our troops in Indochina for combat duty unless there has been previous approval by the Congress. The adoption of such an amendment, I believe, has been taken care of by section 102 of this bill. The report—page 11—bears out that fact:

> This section makes clear that United States military personnel can be assigned to foreign nations solely for noncombatant duty, including the furnishing of training and advice. This language is included to give reassurance that military assistance authorized in this bill does not include participation by United States forces in combat.

Mr. HARDY. Mr. Chairman, I move to strike out the last word.

Mr. VORYS. If the gentleman will yield, Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes, including the time allotted to the gentleman from Virginia.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HARDY. Mr. Chairman, I have taken this time because I want to make an inquiry of the chairman of the committee. On page 21 of the committee report there appears a tabulation of offshore procurement. It shows that for the fiscal year 1954 there was $56 million for the offshore procurement of ships. The table below indicates it is

tentatively planned to procure $28 million worth of ships offshore for the next fiscal year. Presumably that amount of money is in this bill. Can the gentleman tell me whether I am reading this proposition correctly?

Mr. VORYS. For offshore procurement of ships?

Mr. HARDY. That is correct.

Mr. VORYS. That is all I know of. These are coastwise ships. I think, though, there are some vessels for Korea mentioned in another part of the bill.

Mr. HARDY. I would like to know first of all whether the committee has any fixed position that we must procure these valuable ships offshore at a time when our own shipbuilding industry is in such bad condition?

Mr. VORYS. The committee attempted to put language in section 103 which would limit offshore procurement. That is on page 4 of the bill, line 9 to the bottom of the page and onto the next page. All of section 103 (c) has to do with limitations on offshore procurement, that I think would have an effect on the shipbuilding industry.

Mr. HARDY. I thank the gentleman for calling that to my attention. I have read that provision, but I still note it is tentatively planned to procure $28 million worth of ships overseas at a time when they are building more ships than we are and their shipbuilding industry is in a healthier condition than ours. It makes me a little sick when I see one of the great navy yards of this country, located in my district, that in World War II employed 45,000 people to keep our Navy ships building and in fighting condition, reduced now to 13,000, which is a little more than 20 percent below the peak which it occupied during Korea, not during World War II but during Korea. Where can these people go? There is no other industry to accommodate them. Their skills and know-how are going to be dissipated.

What is the answer we get from the Navy? The Navy says we are trying to carry on all of the shipbuilding industry in the United States. There is no merchant shipbuilding.

Mr. DEVEREUX. Mr. Chairman, will the gentleman yield?

Mr. HARDY. If the gentleman can straighten this out for me, I would be happy to yield, but if we spend 1 dime of this $28 million for offshore procurement of ships when our industry is in such poor condition, it is awfully poor judgment, in my book.

Mr. DEVEREUX. I would like to join with the gentleman from Virginia in the statement he is making. I think it should be brought to the attention of this committee so far as offshore procurement of offshore vessels is concerned that what we are doing is bolstering up the yards abroad, which are much more vulnerable than our yards, which we are allowing to go by the wayside.

Mr. HARDY. I thank the gentleman. That is not only true, but the truth of the matter is we are weakening our own productive capacity to the point that if we are attacked any time soon we will be vulnerable.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Iowa.

Mr. GROSS. Yesterday, during general debate, I called attention to the millions in this bill for more offshore procurement. I am glad to see the gentleman from Virginia get up here this afternoon as one of the first on the floor of the House to speak out against this business of gutting American industry and especially labor.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Minnesota.

Mr. JUDD. On page 310 is the description of these vessels. I read from the testimony of Mr. Tracy Voorhees, Director of Offshore Procurement, Department of Defense:

> The new ship construction consists of two destroyer escorts which for special military reasons the Navy desires to purchase in Italy.

Note it is for special military reasons.

Mr. HARDY. If that is the case, I am going to ask the Navy for those reasons.

Mr. JUDD. The gentleman ought to do that.

> The balance consists of inshore minesweepers—small vessels of a type produced only in Europe—and one net tender. There is a great advantage in such purchases in what the Navy designates as the user-builder principle. Under this, where practicable, the nation for which the ship is intended will build it.

Mr. HARDY. Does the gentleman understand that testimony to mean we cannot build those ships in this country?

Mr. JUDD. It says that type of ship is not being built in this country; they are being built at this time only in the parts of Europe where they are to be used.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, let us get our minds back on the Harrison amendment. This amendment would effectively paralyze the plans and policy which our Government is formulating in the fluid and critical condition in Indochina and east Asia.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. CURTIS of Missouri. I would like to talk about this amendment. You have a carryover of $500 million.

Mr. VORYS. That is right; $1,390,000,000 are involved. The amendment would leave the carryover, but would strike out the new money.

Mr. CURTIS of Missouri. You only spent $175 million last year?

Mr. VORYS. Yes, because the money for this year goes to the French to reimburse them for expenses in their calendar year of 1954. Their budget is different from ours, and so based on what has already been done, we will be making payments until the spring of next year.

Mr. CURTIS of Missouri. I understand that the minority views on page 2 state that the executive branch witnesses did not give you any details. Is that true?

Mr. VORYS. That is correct. This was left quite fluid.

Mr. Chairman, I now want to yield the remaining time to our distinguished majority leader, the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, I certainly hope this amendment does not prevail. Of course, we all realize the necessity for passing this authorization bill. It will subsequently be followed by an appropriation bill, when again we will have another look at all of these items. I do not like to vote on items such as this when you cannot spell out definitely and distinctly exactly everything that you expect to do. But I have heard enough in the last few weeks and months to convince me that this situation in southeast Asia and in the western Pacific, as it has developed, is of such vital interest to the national defense of this country and to our security and welfare that it would be a terrible mistake to strike out this money.

As the gentleman from Ohio has said, the situation there is fluid. It changes from day to day. Under that sort of circumstance, no one is in a position to say at this moment just where this money would be used. All of us hope that part of Indochina at least can be saved. But whatever happens in Indochina, there are other great sections in that part of the world involved which, if they should fall, could well seriously threaten and would seriously threaten the security of our country. Certainly this is no time for us to back off. This is no time for us to evidence an abandonment of interest in that area of the world. I am afraid that the adoption of the amendment offered by the gentleman from Virginia would be exactly in that direction.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. RICHARDS. I wholeheartedly agree with the statement just made by the distinguished majority leader. Conditions are such in Asia and in the Pacific area at this time that it would be very unwise not to provide this money and it would be very unwise if we did not also provide the flexibility which is so necessary to meet any situation which might arise there.

Mr. VORYS. Mr. Chairman, may I say this particular item and the broad authority given to the President was discussed and agreed upon at the State Department at a very large bipartisan meeting. Now I do not mean to say for a minute that any such bipartisan group can bind the House of Representatives or the Committee of the Whole, but this broad authorization has not been decided on lightly and has not been passed on without the fullest information as to the difficult and dangerous situation which we face.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. HARRISON].

The amendment was rejected.

The Clerk read as follows:

> SEC. 122. Production for forces support: There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds,

as he may specify, not to exceed $75 million for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area. In addition, unexpended balances of appropriations made pursuant to section 102 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955, and the unexpended balance of the appropriation made pursuant to the second clause of that section is authorized to be consolidated with the appropriation authorized by this section.

Mr. BENTLEY. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 14, line 9, strike out all of section 122, and insert in lieu thereof the following:

"SEC. 122. Production for forces support: The unexpended balances of appropriations made pursuant to section 102 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955."

The CHAIRMAN. The gentleman is recognized in support of his amendment.

Mr. BENTLEY. Mr. Chairman, this section which we have here is for the purpose of authorizing $75 million for the manufacture in Great Britain of military aircraft required by the United Kingdom forces.

I have this sheet which I showed when I was speaking on the other amendment, which is a status summary of the mutual-security program, as of April 30, 1954. Last year our dear friends and cousins received for this purpose for military aircraft from us the sum of $85 million. Looking on this summary we find as of April 30, 1954, there has remained of that sum, not only unexpended but also unobligated, $85 million—the entire amount. In other words, the executive branch has not yet been able to make up its mind how to expend or obligate those funds.

The amendment would reauthorize the unexpended amount last year, but would strike out any new money, which is $75 million.

I have here a statement which the Foreign Operations Administration got me through the American Embassy in London when I asked the question, "How much assistance does the British Government give to their Government aircraft industry?" In other words, I wanted to know whether this $75 million was for British military aircraft or British civil aircraft. Dr. FitzGerald says it is very difficult to answer my question because it is almost impossible to separate out assistance to commercial aircraft development from assistance to development of military aircraft. Quoting from this memorandum from our Embassy, I would like to read:

It is virtually impossible to determine quantitatively the amount of British Government assistance to civil aircraft development since the war. This is true for several reasons:

As in the United States, military and civil research and development are inextricably interrelated, and a method of determining the amount of government assistance properly allocable to each is not known to have been developed by the British.

The British often adapt to military use aircraft that have been originally developed for civil transport.

All engines used by British civil aircraft were developed for the military under military development contracts.

However, here, too, a division of the government aid between the military and civil has never been made, so far as the Embassy has been able to ascertain.

In other words, Mr. Chairman, if you agree to the provision of this $75 million of new funds for the British military aircraft industry, you may very well some day find that you have voted for the subsidization of the British civilian aircraft industry.

In the time remaining to me, I would like to ask the distinguished floor leader, the gentleman from Ohio, if he cares in his own individual capacity, not necessarily speaking as floor leader, to give me his own opinion as to whether this aid to the United Kingdom is justified with reference to the military aircraft—if he cares to do so at this time.

Mr. VORYS. The gentleman embarrasses me somewhat. I cannot speak for the committee viewpoint on this item because, as the gentleman well knows, since this was outside our JCS force goal set up for Britain, I did not feel that it was the kind of economic aid that was necessary. However, the committee voted otherwise.

Mr. BENTLEY. I regret having embarrassed the gentleman, but I did value his individual viewpoint.

Mr. HOLT. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield.

Mr. HOLT. Would the gentleman please answer me as to what happened to the money we allocated last year to both France and Britain?

Mr. BENTLEY. In the case of France new money has not been requested, so I cannot give any details concerning it. But I know that, as of April 30, not a single penny of the British allocation has been spent.

Mr. SMITH of Wisconsin. As a matter of fact, is it not true that this is economic aid?

Mr. BENTLEY. Surely; it is direct budgetary support for the United Kingdom.

Mr. WHITTEN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I take this time to point out here once again—I had planned to wait until the appropriation bill which presumably will follow this bill in support of this authorization—to make clear and to point out that in this bill what we are largely doing is underwriting our competitors in practically every direction that you may look.

I think it is wholly appropriate for us to pause a moment and realize just what is involved here in view of the farm bill which is to be taken up by this House immediately following disposition of the pending bill.

Did you know that under the terms of this bill they have been building 2,600 deep wells in India in order to irrigate land to enable them to compete with us for the cotton markets?

Did you realize that under mutual security and the preceding loans program that we set Italy up in the manufacture of synthetic fibers at the loss of markets to the farmers of the United States?

Did you realize that it is here we are underwriting the civilian air-manufacturing facilities of the British in years ahead to compete with our own?

Did you realize that by paying the bills of foreign countries through the years that we have had this program we have financed more soil conservation in those countries, 3 to 1, than we have in our own country?

Did you know that by financing the bills of these countries that we have reforested far more land in foreign countries than we can hope to get through this Congress to take care of our own?

Here is the point I want to make: In addition to what is in this bill, at a time when we have a stockpile of $104 billion worth of military materiel, when we spend $40 billion annually for national defense because of the dangerous international situation, we find the Secretary of Agriculture and the Vice President of the United States on the air saying that we should cut back our farm production in this country practically to that necessary to meet domestic needs. We have only about $6½ billion worth of so-called surplus commodities. Those commodities are not surplus to world needs, nor actually are they surplus to our security needs. Those commodities, due to the actions of those in Mutual Security and in the State Department, are not moving in world trade on a competitive basis. When offered they are offered on a prevailing price basis. That means that we offer at the prevailing world price; then when foreign countries reduce or discount theirs, we are not meeting their competitive price. We hold ours back. We therefore are merely a residual supplier. Remember the Commodity Credit Corporation has the authority to sell now—but by administrative policy the Corporation is prevented from doing so.

I say to you today, Mr. Chairman, that when we continue through this foreign aid program to underwrite the competition against the United States in every field throughout the world, and then by a trade policy limit our commodities to domestic consumption, and as a result have the administration strike at the program which protects American agriculture, you are being awfully shortsighted. I think it is time, just before the farm bill comes up for consideration, to realize that in addition to the foreign aid you provide here, you are also, as Government policy, holding American farmers out of the markets that our people have enjoyed over the years. The policy in effect limits American agriculture to producing for the domestic market only. I say that does not lead to peace, it does not lead to security at home for a prosperous agriculture is the basis for our whole economy.

May I point out that the commodities that may be provided through this bill, are not given to the peoples of these countries; they are given to incumbent governments which sell them to the people of their countries, most of whom think we are making a profit. If through this means we underwrite the existing factions in control of the countries of the world, what fix are we going to be in

when the outs finally do get in in those countries? They do not differ from our own. Here we are running overboard to increase the authorization for foreign aid when there is more than $9 billion now that have not been committed and that have not been used. You would authorize even before they used the last we gave them.

I do not have to remind you that when we voted for the Marshall plan, we set a limit of 4 years, yet years later we are doing the same thing, pouring out the natural resources of the United States to every country in the world so that they may have the markets we need. The same leadership that sponsors this bill will be here in less than 2 days asking you to reduce the supports on American agricultural products and to force reductions in production almost to normal needs, all at a time when this Government is holding our commodities off world markets at competitive prices. By the bill before us you will create new competitors.

Mr. COLE of New York. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. COLE of New York. Mr. Chairman, because of the widespread interest in the subject matter involved, I take this opportunity of advising the House of a statement that has just been made by the Atomic Energy Commission.

The Atomic Energy Commission announced today that it had reached a decision in the matter of Dr. J. Robert Oppenheimer.

The Commission by a vote of 4 to 1 decided that Dr. Oppenheimer should be denied access to restricted data. Commissioners Strauss, Murray, Zuckert, and Campbell voted to deny clearance for access to restricted data, and Commissioner Smyth voted to reinstate clearance for access to restricted data. Messrs. Strauss, Zuckert, and Campbell signed the majority opinion; Mr. Murray concurred with the majority decision in a separate opinion. Dr. Smyth supported his conclusion in a minority opinion.

Certain members of the Commission issued additional statements in support of their conclusions. These opinions and statements follow:

UNITED STATES,
ATOMIC ENERGY COMMISSION,
Washington, D. C., June 29, 1954.

The issue before the Commission is whether the security of the United States warrants Dr. J. Robert Oppenheimer's continued access to restricted data of the Atomic Energy Commission. The data to which Dr. Oppenheimer has had until recently full access include some of the most vital secrets in the possession of the United States.

Having carefully studied the pertinent documents, the transcript of the hearings before the Personnel Security Board (Gray Board), the findings and recommendation of the Board, the briefs of Dr. Oppenheimer's counsel, and the findings and recommendation of the General Manager, we have concluded that Dr. Oppenheimer's clearance for access to restricted data should not be reinstated.

The Atomic Energy Act of 1946 lays upon the Commissioners the duty to reach a determination as to the character, associations, and loyalty of the individuals engaged in the work of the Commission. Thus, disloyalty would be one basis for disqualification, but it is only one. Substantial defects of character and imprudent and dangerous associations, particularly with known subversives who place the interests of foreign powers above those of the United States, are also reasons for disqualification.

On the basis of the record before the Commission, comprising the transcript of the hearing before the Gray Board as well as reports of Military Intelligence and the Federal Bureau of Investigation, we find Dr. Oppenheimer is not entitled to the continued confidence of the Government and of this Commission because of the proof of fundamental defects in his character.

In respect to the criterion of "associations," we find that his associations with persons known to him to be Communists have extended far beyond the tolerable limits of prudence and self-restraint which are to be expected of one holding the high positions that the Government has continuously entrusted to him since 1942. These associations have lasted too long to be justified as merely the intermittent and accidental revival of earlier friendships.

Neither in the deliberations by the full Commission nor in the review of the Gray Board was importance attached to the opinions of Dr. Oppenheimer as they bore upon the 1949 debate within the Government on the question of whether the United States should proceed with the thermonuclear weapon program. In this debate Dr. Oppenheimer was, of course, entitled to his opinion.

The fundamental issues here are apart from and beyond this episode. The history of their development is as follows:

On December 23, 1953, Dr. Oppenheimer was notified that his security clearance had been suspended, and he was provided with the allegations which had brought his trustworthiness into question. He was also furnished with a copy of the Atomic Energy Commission's Security Clearance Procedures, and was informed of his right to a hearing under those procedures. By telegram dated January 29, 1954, Dr. Oppenheimer requested a hearing. On March 4, 1954, after requesting and receiving three extensions of time, he submitted his answer to the letter of December 23, 1953. On March 15, 1954, Dr. Oppenheimer was informed that Mr. Gordon Gray, Mr. Thomas A. Morgan, and Dr. Ward V. Evans would conduct the hearing.

The hearing before the Gray Board commenced on April 12, 1954, and continued through May 6, 1954. Dr. Oppenheimer was represented by 4 lawyers. He was present to confront all witnesses; he had the opportunity to cross-examine all witnesses; his counsel made both oral and written argument to the Board.

The Board submitted its Findings and Recommendation to the General Manager of the Commission on May 27, 1954. A majority of the Board recommended against reinstatement of clearance, Dr. Evans dissenting.

Dr. Oppenheimer had full advantage of the security procedures of the Commission. In our opinion he had a just hearing.

On May 28, 1954, the General Manager notified Dr. Oppenheimer of the adverse recommendation of the Personnel Security Board and forwarded to him a copy of the Board's Findings and Recommendation. The General Manager informed Dr. Oppenheimer of his right to request review of his case by the Personnel Security Review Board. Dr. Oppenheimer was also informed that upon consideration of the record in the case—including the recommendation of the Personnel Security Review Board in the event review by that Board was requested—the General Manager would submit to the Commission his own recommendation as to whether or not clearance should be reinstated and that the Commission would thereafter make the final determination.

By letter of June 1, 1954, Dr. Oppenheimer waived his right to a review of his case by the Personnel Security Review Board. He requested immediate consideration of his case by the Commission. On June 7, 1954, his counsel submitted a written brief to the Commission. The General Manager reviewed the testimony and the Findings and Recommendation of the Gray Board and the briefs; his conclusion that Dr. Oppenheimer's clearance should not be reinstated was submitted to the Commission on June 12, 1954.

Prior to these proceedings, the derogatory information in Government files concerning Dr. Oppenheimer had never been weighed by any board on the basis of sworn testimony.

The important result of these hearings was to bring out significant information bearing upon Dr. Oppenheimer's character and associations hitherto unknown to the Commission and presumably unknown also to those who testified as character witnesses on his behalf. These hearings additionally established as fact many matters which previously had been only allegations.

In weighing the matter at issue, we have taken into account Dr. Oppenheimer's past contributions to the atomic energy program. At the same time, we have been mindful of the fact that the positions of high trust and responsibility which Dr. Oppenheimer has occupied carried with them a commensurately high obligation of unequivocal character and conduct on his part. A Government official having access to the most sensitive areas of restricted data and to the innermost details of national war plans and weapons must measure up to exemplary standards of reliability, self-discipline, and trustworthiness. Dr. Oppenheimer has fallen far short of acceptable standards.

The record shows that Dr. Oppenheimer has consistently placed himself outside the rules which govern others. He has falsified in matters wherein he was charged with grave responsibilities in the national interest. In his associations he has repeatedly exhibited a willful disregard of the normal and proper obligations of security.

As to "character":

(1) Dr. Oppenheimer has now admitted under oath that while in charge of the Los Alamos laboratory and working on the most secret weapon development for the Government, he told Colonel Pash a fabrication of lies. Colonel Pash was an offcer of military intelligence charged with the duty of protecting the atomic weapons project against spies. Dr. Oppenheimer told Colonel Pash in circumstantial detail of an attempt by a Soviet agent to obtain from him information about the work on the atom bomb. This was the Haakon Chevalier incident. In the hearings recently concluded, Dr. Oppenheimer under oath swears that the story he told Colonel Pash was a "whole fabrication and tissue of lies" (tr., p. 149).

It is not clear today whether the account Dr. Oppenheimer gave to Colonel Pash in 1943 concerning the Chevalier incident or the story he told the Gray board last month is the true version.

If Dr. Oppenheimer lied in 1943, as he now says he did, he committed the crime of knowingly making false and material statements to a Federal officer. If he lied to the board, he committed perjury in 1954.

(2) Dr. Oppenheimer testified to the Gray board that if he had known Giovanni Rossi Lomanitz was an active Communist or that Lomanitz had disclosed information about the atomic project to an unauthorized person, he would not have written to Colonel Lansdale of the Manhattan District the letter of October 19, 1943, in which Dr. Op-

penheimer supported the desire of Lomanitz to return to the atomic project.

The record shows, however, that on August 26, 1943, Dr. Oppenheimer told Colonel Pash that he (Oppenheimer) knew that Lomanitz had revealed information about the project. Furthermore, on September 12, 1943, Dr. Oppenheimer told Colonel Lansdale that he (Oppenheimer) had previously learned for a fact that Lomanitz was a Communist Party member (tr., pp. 118, 119, 128, 129, 143, 875).

(3) In 1943, Dr. Oppenheimer indicated to Colonel Lansdale that he did not know Rudy Lambert, a Communist Party functionary. In fact, Dr. Oppenheimer asked Colonel Lansdale what Lambert looked like. Now, however, Dr. Oppenheimer under oath has admitted that he knew and had seen Lambert at least half a dozen times prior to 1943; he supplied a detailed description of Lambert; he said that once or twice he had lunch with Lambert and Isaac Folkoff, another Communist Party functionary, to discuss his (Oppenheimer's) contributions to the Communist Party; and that he knew at the time that Lambert was an official in the Communist Party (tr. pp. 139, 140, 877).

(4) In 1949, Dr. Oppenheimer testified before a closed session of the House Un-American Activities Committee about the Communist Party membership and activities of Dr. Bernard Peters. A summary of Dr. Oppenheimer's testimony subsequently appears in a newspaper, the Rochester Times Union. Dr. Oppenheimer then wrote a letter to that newspaper. The effect of that letter was to contradict the testimony he had given a congressional committee (tr. pp. 210–215).

(5) In connection with the meeting of the General Advisory Committee on October 29, 1949, at which the thermonuclear-weapon program was considered, Dr. Oppenheimer testified before the Gray Board that the General Advisory Committee was "surprisingly unanimous" in its recommendation that the United States ought not to take the initiative at that time in a thermonuclear program. Now, however, under cross-examination, Dr. Oppenheimer testifies that he did not know how Dr. Seaborg (one of the nine members of Dr. Oppenheimer's committee) then felt about the program, because Dr. Seaborg "was in Sweden, and there was no communication with him." On being confronted with a letter from Dr. Seaborg to him dated October 14, 1949—a letter which had been in Dr. Oppenheimer's files—Dr. Oppenheimer admitted having received the letter prior to the General Advisory Committee meeting in 1949. In that letter Dr. Seaborg said: "Although I deplore the prospects of our country putting a tremendous effort into this, I must confess that I have been unable to come to the conclusion that we should not." Yet Dr. Seaborg's view was not mentioned in Dr. Oppenheimer's report for the General Advisory Committee to the Commission in October 1949. In fact, the existence of this letter remained unknown to the Commission until it was disclosed during the hearings (tr. pp. 233, 237–241).

(6) In 1950, Dr. Oppenheimer told an agent of the Federal Bureau of Investigation that he had not known Joseph Weinberg to be a member of the Communist Party until that fact became public knowledge. Yet on September 12, 1943, Dr. Oppenheimer told Colonel Lansdale that Weinberg was a Communist Party member (tr., p. 875).

The catalog does not end with these six examples. The work of Military Intelligence, the Federal Bureau of Investigation and the Atomic Energy Commission—all, at one time or another have felt the effect of his falsehoods, evasions and misrepresentations.

Dr. Oppenheimer's persistent and willful disregard for the obligations of security is evidenced by his obstruction of inquiries by security officials. In the Chevalier incident, Dr. Oppenheimer was questioned in 1943 by Colonel Pash, Colonel Lansdale and General Groves about the attempt to obtain information from him on the atomic bomb project in the interest of the Soviet Government. He had waited 8 months before mentioning the occurrence to the proper authorities. Thereafter for almost 4 months Dr. Oppenheimer refused to name the individual who had approached him. Under oath he now admits that his refusal to name the individual impeded the Government's investigation of espionage. The record shows other instances where Dr. Oppenheimer has refused to answer inquiries of Federal officials on security matters or has been deliberately misleading.

As to "associations":

"Associations" is a factor which, under the law, must be considered by the Commission. Dr. Oppenheimer's close association with Communists is another part of the pattern of his disregard of the obligations of security.

Dr. Oppenheimer, under oath, admitted to the Gray Board that from 1937 to at least 1942 he made regular and substantial contributions in cash to the Communist Party. He has admitted that he was a fellow-traveler at least until 1942. He admits that he attended small evening meetings at private homes at which most, if not all, of the others present were Communist Party members. He was in contact with officials of the Communist Party, some of whom had been engaged in espionage. His activities were of such a nature that these Communists looked upon him as one of their number.

However, Dr. Oppenheimer's early Communist associations are not in themselves a controlling reason for our decision.

They take on importance in the context of his persistent and continuing association with Communists, including his admitted meetings with Haakon Chevalier in Paris as recently as last December—the same individual who had been intermediary for the Soviet consulate in 1943.

On February 25, 1950, Dr. Oppenheimer wrote a letter to Chevalier attempting "to clear the record with regard to your alleged involvement in the atom business." Chevalier used this letter in connection with his application to the State Department for a United States passport. Later that year Chevalier came and stayed with Dr. Oppenheimer for several days at the latter's home. In December 1953 Dr. Oppenheimer visited with Chevalier privately on two occasions in Paris and lent his name to Chevalier's dealings with the United States Embassy in Paris on a problem which, according to Dr. Oppenheimer, involved Chevalier's clearance. Dr. Oppenheimer admitted that today he has only a "strong guess" that Chevalier is not active in Communist Party affairs.

These episodes, separately and together, present a serious picture. It is clear that for one who has had access for so long to the most vital defense secrets of the Government and who would retain such access if his clearance were continued Dr. Oppenheimer has defaulted, not once but many times, upon the obligations that should and must be willingly borne by citizens in the national service.

Concern for the defense and security of the United States requires that Dr. Oppenheimer's clearance should not be reinstated.

Dr. J. Robert Oppenheimer is hereby denied access to restricted data.

LEWIS L. STRAUSS,
Chairman.
EUGENE M. ZUCKERT,[1]
Commissioner.
JOSEPH CAMPBELL,[1]
Commissioner.

[1] See additional statements by Commissioners Zuckert and Campbell, and separate opinion, concurring with the decision, by Commissioner Murray.

STATEMENT BY COMMISSIONER ZUCKERT

1. BASIS OF AGREEING TO DENY ACCESS

In subscribing to the majority decision and the substance of the Commission opinion, I have considered the evidence as a whole and no single factor as decisive. For example, Dr. Oppenheimer's early Communist associations by themselves would not have led me to my conclusion. The more recent connections, such as those with Lomanitz and Bohm, would not have been decisive. The serious 1943 incident involving Chevalier would not have been conclusive, although most disturbing and certainly aggravated by the continuation of the relationship between Chevalier and Dr. Oppenheimer. Individual instances of lack of veracity, conscious disregard of security considerations and obstruction of proper security inquiries would not have been decisive.

But when I see such a combination of seriously disturbing actions and events as are present in this case, then I believe the risk to security passes acceptable bounds. All these actions and events and the relation between them make no other conclusion possible in my opinion than to deny clearance to Dr. Oppenheimer.

There follow some additional observations of my own which I believe are pertinent in the consideration of this case and the problems underlying it.

It is a source of real sadness to me that my last act as a public official should be participation in the determination of this matter, involving as it does, an individual who has made a substantial contribution to the United States. This matter certainly reflects the difficult times in which we live.

2. SECURITY IN 1954

The fact is that this country is faced with a real menace to our national security which manifests itself in a great variety of ways. We are under the necessity of defending ourselves against a competent and ruthless force possessed of the great advantage that accompanies the initiative. There is no opportunity which this force would not exploit to weaken our courage and confuse our strength.

The degree of attention which Dr. Oppenheimer's status has evoked is indication of the extent to which this force has imposed upon us a new degree of intensity of concern with "security." There has always been a recognition of the need for security precautions when war threatened or was actually in progress. It is new and disquieting that security must concern us so much in times that have so many of the outward indications of peace. Security must indeed become a daily concern in our lives as far as we can see ahead.

In this Nation, I believe we have really commenced to understand this only within the past 10 years. It would be unrealistic to imagine that in that brief period of time we could have acquired a well-rounded understanding, much less an acceptance, of the implications of such a change in our way of life. It will not prove easy to harmonize the requirements of security with such basic concepts as personal freedom. It will be a long and difficult process to construct a thoroughly articulated security system that will be effective in protecting strength and yet maintain the basic fabric of our liberties.

It is clear that one essential requirement of the struggle in which this Nation is engaged is that we be decisive and yet maintain a difficult balance in our actions. For example, we must maintain a positive armed strength, yet in such a manner that we do not impair our ability to support that strength. We must be vigilant to the dangers and deceits of militant communism without the hysteria that breeds witchhunts. We must strive to maintain that measure of discipline required by real and present-day danger without destroying such freedoms as

the freedom of honest thought. Our Nation's problem is more difficult because of a fundamental characteristic of a democratic system: We seek to be a positive force without a dominated uniformity in thought and action dictated by a small group in power.

The decision in this particular matter before us must be made not in 1920 or 1930 or 1940. It has to be made in the year 1954 in the light of the necessities of today and, inevitably, with whatever limitations of viewpoint 1954 creates. One fact that gives me reassurance is that this decision was reached only after the most intensive and concerned study following a course of procedure which gave the most scrupulous attention to our ideas of justice and fair treatment.

The problem before this Commission is whether Dr. Oppenheimer's status as a consultant to the Atomic Energy Commission constitutes a security risk.

3. THE CONCEPT OF SECURITY RISK

One of the difficulties in the development of a healthy security system is the achievement of public understanding of the phrase "security risk." It has, unfortunately, acquired in many minds the connotation of active disloyalty. As a result, it is not realized that the determination of "security risk" must be applied to individuals where the circumstances may be considerably less derogatory than disloyalty. In the case of Dr. Oppenheimer the evidence which convinced me that his employment was not warranted on security grounds did not justify an accusation of disloyalty.

The "security risk" concept has evolved in recent years as a part of our search for a security system which will add to the protection of the country. In that quest, certain limited guidelines have emerged. With respect to eligibility of people for sensitive positions in our Government we have said, in effect, that there must be a convincing showing that their employment in such positions will not constitute a risk to our security. Except in the clearest of cases, such as present Communist membership, for example, the determination may not be an easy one. In many cases, like the one before us, a complex qualitative determination is required. One inherent difficulty is that every human being is to some degree a security risk. So long as there are normal human feelings like pain, or emotions like love of family, everyone is to some degree vulnerable to influence, and thus a potential risk in some degree to our security.

Under our security system it is our duty to determine how much of a risk is involved in respect to any particular individual and then to determine whether that risk is worth taking in view of what is at stake and the job to be done. It is not possible, except in obvious cases, to determine in what precise manner our security might be endangered. The determination is rather an evaluation of the factors which tend to increase the chance that security might be endangered. Our experience has convinced us that certain types of association and defects of character can materially increase the risk to security.

Those factors—many of which are set forth in the majority opinion—are present in Dr. Oppenheimer's case to such an extent that I agree he is a security risk.

4. POSSIBILITY OF AN ALTERNATIVE ACTION

There have been suggestions that there may be a possible alternative short of finding Dr. Oppenheimer a security risk. One possibility suggested was that the Commission might merely allow Dr. Oppenheimer's consultant's contract to lapse when it expires on June 30, 1954, and thereafter not use his services. I have given the most serious consideration to this possibility and have concluded that it is not practical.

The unique place that Dr. Oppenheimer has built for himself in the scientific world and as a top Government adviser make it necessary that there be a clear-cut determination whether he is to be given access to the security information within the jurisdiction of the Commission.

As a scientist, Dr. Oppenheimer's greatest usefulness has been as a scientific administrator and a scientific critic. He has been looked to for scientific judgment by people within the profession. He is a personality in whom students place particular reliance for leadership and inspiration. These qualities, coupled with a nature that enables him to keep in active touch with great numbers of people in the scientific professions, have given him a unique place in the scientific community.

The Commission's clearance has permitted Dr. Oppenheimer to carry out his role as an active consultant of scientists. For example, Los Alamos Laboratory reports on the most intimate details of the progress of the thermonuclear and fission programs have continued to flow to him. I would gather that these reports were sent to Dr. Oppenheimer because his leadership and scientific judgment were recognized, and it was felt that he should be kept intensively abreast of the development of the weapon art.

I think the Commission is clearly obligated to determine whether Dr. Oppenheimer may continue to carry out this function and whether scientists may continue to call upon him as they have in the past in regard to highly classified material.

In addition, the scope of Dr. Oppenheimer's activities as a top adviser to various agencies of Government on national security policies make imperative a determination of his security status.

After the development of the atomic bomb and the end of World War II, Dr. Oppenheimer was quite suddenly projected into a far more important capacity than he had held as a scientist and laboratory director at Los Alamos. He was given responsibilities for the formulation of international controls of atomic energy. His post as chairman of the General Advisory Committee and a host of other committees in the Defense Establishment made him an adviser on national security problems at the top level of Government. His advice was sought on many matters in which science or technical aspects of atomic energy were important, but important as incidentals and background. With his unique experience, his intellect, his breadth of interests, and his articulateness, it was almost inevitable that he was consulted on a growing number of national security policy matters. As a result, his degree of access to the detailed essentials of our most secret information was, in my opinion, among the greatest of any individuals in our Government. I doubt that there have been contemporaneously more than a handful of people at the highest levels who have possessed the amount of sensitive information which was given to Dr. Oppenheimer.

Since Dr. Oppenheimer's retirement from the General Advisory Committee he has been employed as a consultant to the Commission. It is true that since 1952 the Commission has used him very little. Commission clearance has, however, been a basis for other agencies using him in connection with delicate problems of national security. It is logical to expect that would continue. For example, the Commission has recently received a letter from Dr. DuBridge, chairman of the Science Advisory Committee, Office of Defense Mobilization, which says:

"Our committee is planning to undertake during the coming months an intensive study of important matters related to national security on which Dr. Oppenheimer's knowledge and counsel will be of critical importance."

I believe that the outlined facts concerning Dr. Oppenheimer's activities in the scientific profession and employment by the Government demonstrate that the Commission could not decide the matter on any other basis than to grant or deny clearance. Any other action would merely postpone the problem. His activities cannot be compartmented to some particular area of scientific effort. It is only reasonable to expect that he would be used in connection with broad assignments such as he has had in the past. Inevitably the question would arise whether he should be given access to the most sensitive restricted data which is under the Commission's jurisdiction.

Therefore, there must be a determination as to his security status with respect to this data.

All of the facts concerning Dr. Oppenheimer's activities, scientific and governmental, and the consequent access to vital information emphasize the degree of his security responsibility.

For the reasons outlined in the first paragraph of these comments, I conclude that he falls substantially below the standard required by that responsibility. There seems to me no possible alternative to denying Dr. Oppenheimer clearance.

5. THERMONUCLEAR CONTROVERSY DISREGARDED

There is one final comment which I should add. My decision in this matter was influenced neither by the actions nor by the attitudes of Dr. Oppenheimer concerning the development of thermonuclear weapons. Nor did I consider material any advice given by Dr. Oppenheimer in his capacity as a top-level consultant on national security affairs.

In my judgment, it was proper to include Dr. Oppenheimer's activities regarding the thermonuclear program as part of the derogatory allegations that initiated these proceedings. Allegations had been made that Dr. Oppenheimer was improperly motivated.

The Gray Board, although doubting the complete veracity of Dr. Oppenheimer's explanations, found that these most serious allegations were not substantiated. I have carefully reviewed the evidence and concur in the finding.

CONCURRING OPINION OF COMMISSIONER CAMPBELL

On November 7, 1953, Mr. William L. Borden, legislative secretary to the late Senator Brien McMahon in 1948 and later Executive Director of the Joint Committee on Atomic Energy from 1949 to June 1953, addressed a letter to the Director of the Federal Bureau of Investigation relative to Dr. J. Robert Oppenheimer.

In this letter Mr. Borden, who had previously had access to the Atomic Energy Commission files and FBI reports concerning Dr. Oppenheimer, made very grave accusations, allegations, and charges pertaining to the character, loyalty, and associations of Dr. Oppenheimer. Upon receipt of this letter, the FBI prepared a summary report on Dr. Oppenheimer, and November 30, 1953, distributed that report and the Borden letter to interested agencies of the Government, including the Office of the President.

On December 10, 1953, the Commission unanimously voted to institute the regular procedures of the Commission to determine the veracity or falsity of the charges. At the direction of, and with the unanimous approval of the Commission, the General Manager on December 23, 1953, informed Dr. Oppenheimer of the substance of the information which raised the question concerning his eligibility for employment on Atomic Energy Commission work and notified him of the steps which he could take to assist in the resolution of the question.

At the request of counsel for Dr. Oppenheimer, an extension of time was granted Dr. Oppenheimer for the preparation of his case. Other extensions were subsequently granted. On March 15, 1954, Dr. Oppenheimer was no-

tified that Mr. Thomas A. Morgan, Mr. Gordon Gray, and Dr. Ward V. Evans had been selected for the Personnel Security Board. On March 17, 1954, Dr. Oppenheimer, by letter, advised the Commission that he had received the notification of the membership of the Board and that he knew of no reason why he should challenge any member of that Board, as it was his right to do under the personnel security procedures of the Atomic Energy Commission.

As early as January 18, 1954, Dr. Oppenheimer's counsel discussed the possibility of securing Q clearance with the Chairman and the General Manager of the Commission, and he was notified that clearance would be expedited as rapidly as possible if he would submit the required papers. These papers were not submitted until March 26, 1954—over 60 days later.

During the week of April 5 through 9, the Personnel Security Board met and familiarized themselves with the pertinent files relative to Dr. Oppenheimer. On April 12 the hearings began and were continued until May 6. After a 10-day recess the Board convened again on May 17.

On May 17, 1954, counsel for Dr. Oppenheimer submitted a brief to the Personnel Security Board which was included in the record.

On May 18, 1954, the Commission moved that each step the case of Dr. Oppenheimer be brought to the Commission for a vote. This motion was carried 3 to 2. I voted against this motion since I felt that this was a very definite change in the official procedures. In my opinion, it was not desirable to change the rules in the midst of the proceedings. At this same Commission meeting on May 18, I moved that the procedures, as published in the Federal Register, be revised to indicate that, after determination had been made by the General Manager, the Commission would make the final determination in this matter. This motion did not carry by a vote of 3 to 2.

A recommendation was submitted by the Personnel Security Board to the General Manager on May 27, 1954. In essence the recommendation of the Personnel Security Board, by a 2-to-1 majority, was that: "We have, however, been unable to arrive at the conclusion that it would be clearly consistent with the security interests of the United States to reinstate Dr. Oppenheimer's clearance and, therefore, do not so recommend."

Upon receipt of the recommendation of the Board, the General Manager notified counsel for Dr. Oppenheimer on May 28 of the majority and minority recommendations of the Board and furnished a copy of the Personnel Security Board report. At the same time notification was given that Dr. Oppenheimer was entitled to make an appeal to the Personnel Security Review Board. The General Manager further stated that following such an appeal he would make a recommendation and the Commission would then make a final determination in the case.

By letter of June 1, counsel for Dr. Oppenheimer responded that they would waive the right of appeal to the Personnel Security Review Board and instead wished to present oral arguments and a written brief directly to the Commission for a final determination.

On June 3, 1954, the Commission denied the counsel for Dr. Oppenheimer the privilege of oral agrument before the Commission but granted permission to file a written brief with the provision that the brief be presented on or before June 7. It was my personal opinion that this permission constituted another departure from the procedures, but my view was not sustained by my colleagues.

Counsel for Dr. Oppenheimer filed a brief with the Commission on June 7, 1954.

On June 12, the general manager submitted his findings to the Commission in which he reaffirmed the recommendation of the Gray board. The general manager's letter stated:

"I have reviewed the entire record of the case, including the files, the transcript of the hearing, the findings and recommendation of the Personnel Security Board and the briefs filed by Dr. Oppenheimer's attorneys on May 17, 1954, and June 7, 1954, and have reached the conclusion that to reinstate the security clearance of Dr. Oppenheimer would not be clearly consistent with the interests of national security and would endanger the common defense and security."

In addition, Mr. Nichols stated:

"In regard to Dr. Oppenheimer's net worth to atomic energy projects, I believe, first, that through World War II he was of tremendous value and absolutely essential. Secondly, I believe that since World War II his value to the Atomic Energy Commission as a scientist or as a consultant has declined because of the rise in competence and skill of other scientists and because of his loss of scientific objectivity probably resulting from the diversion of his efforts to political fields and matters not purely scientific in nature. Further, it should be pointed out that in the past 2 years since he has ceased to be a member of the General Advisory Committee, his services have been utilized by the Atomic Energy Commission on the following occasions only:

"October 16 and 17, 1952.

"September 1 and 2, 1953.

"September 21 and 22, 1953.

"I doubt that the Atomic Energy Commission, even if the question of his security clearance had not arisen, would have utilized his services to a markedly greater extent during the next few years. * * * Dr. Oppenheimer. * * * is far from being indispensable. * * * Dr. Oppenheimer's clearance should not be reinstated."

On June 28, 1954, the question of the clearance of Dr. Oppenheimer was presented to the Commission and by a vote of 4 to 1 it was decided that clearance should be denied him.

My vote was to sustain the recommendations of the Gray Board and the General Manager for the following reasons:

1. I have had no personal associations with Dr. Oppenheimer and no personal knowledge as to his contributions to the atomic energy program. Neither do I have any personal knowledge as to his character, loyalty, and associations.

The responsibility of a Commissioner of the Atomic Energy Commission in a proceeding of this type is, in my view, an appellate responsibility.

2. Having examined the transcript of the hearings, it is established that Dr. Oppenheimer had an opportunity prior to the hearings to challenge the members of the Board and did not choose to do so. At all times, Dr. Oppenheimer was represented by four attorneys. At no time during the course of the hearings has the integrity, honesty, and impartiality of any of the Board members been subject to challenge by any parties to the proceedings. Dr. Oppenheimer, through his counsel, has had the opportunity to produce any witnesses he desired to call on his behalf. Through his counsel he had opportunity to cross-examine any persons who testified on items which he might have considered to be of a derogatory nature. Ample opportunity was given to Dr. Oppenheimer's counsel to present their case. In fact, extensions and delays were granted, which by some might be considered unreasonable, so that there can be no possibility that there was any pressure of time in the presentation of the information which Dr. Oppenheimer desired to place before the Board.

3. From an examination of the transcript and from the report, both majority and minority of the Board, it is evident that the members of the Board were fully aware of the criteria which had been established by the Atomic Energy Commission and by the various Executive orders and public laws relative to the clearance of individuals for classified work. At no time was any question raised by any party to the proceedings as to the competence of the Board insofar as its knowledge of the criteria and procedures under which the hearing was being conducted.

4. I have carefully studied the recommendations of the General Manager and have concluded that from the presentation of the testimony before the Personnel Security Board and the information made available to the parties in the proceedings from the investigative files, the General Manager has arrived at the only possible conclusion available to a reasonable and prudent man.

The finding, by the General Manager, that the services of Dr. Oppenheimer are not indispensable to the atomic-energy program, is compelling.

5. I have read the brief submitted by counsel for Dr. Oppenheimer to the Atomic Energy Commission and though this brief is argumentative and perhaps persuasive to some, it contains no new evidence and it does not directly or indirectly charge that Dr. Oppenheimer has been unfairly treated or deprived of a full and complete opportunity to make the best possible presentation available in his defense.

(I neither concur nor dissent from the findings of the Personnel Security Board and the General Manager relating to the allegation that Dr. Oppenheimer initially opposed and later declined to cooperate in the program for the development of thermonuclear weapons. It is my view that the opinions and judgments of Dr. Oppenheimer on this subject were not relevant to the inquiry. I, therefore, have made my determination as to Dr. Oppenheimer's fitness for continued employment upon other evidence and testimony presented which bears on his loyalty, character, and associations.)

CONCLUSION

I conclude, therefore, that serious charges were brought against Dr. Oppenheimer; that he was afforded every opportunity to refute them; that a Board was appointed, composed of men of the highest honor and integrity, and that in their majority opinion Dr. Oppenheimer did not refute the serious charges which faced him; that the record was reviewed by the General Manager, keenly aware of his serious responsibility in this matter, and that he concurred, and even strengthened the findings of the Personnel Security Board.

If the security system of the United States Government is to be successfully operated, the recommendations of Personnel Security Boards must be honored in the absence of compelling circumstances. If the General Manager of the Atomic Energy Commission is to function properly, his decisions must be upheld unless there can be shown new evidence, violations of procedures, or other substantial reasons why they should be reversed.

Therefore, I voted to reaffirm the majority recommendation of the Personnel Security Board and to uphold the decision of the General Manager. Clearance should be denied to Dr. Oppenheimer.

CONCURRING OPINION OF COMMISSIONER THOMAS E. MURRAY

I concur in the conclusion of the majority of the Commission that Dr. J. Robert Oppenheimer's access to restricted data should be denied. However, I have reached this conclusion by my own reasoning which does not coincide with the majority of the Commission. Therefore, I submit my separate opinion.

In my opinion the Personnel Security Board report and the recommendations of the General Manager as well as the majority opinion do not correctly interpret the

evidence in the case. They do not make sharply enough certain necessary distinctions. They do not do justice to certain important principles. What is more important they do not meet squarely the primary issue which the case raises.

The primary issue is the meaning of loyalty. I shall define this concept concretely within the conditions created by the present crisis of national and international security. When loyalty is thus concretely defined, and when all the evidence is carefully considered in the light of this definition, it will be evident that Dr. Oppenheimer was disloyal.

There is a preliminary question. It concerns Dr. Oppenheimer's opposition to the hydrogen-bomb program and his influence on the development of the program. On this count I do not find evidence that would warrant the denial to Dr. Oppenheimer of a security clearance.

I find that the record clearly proves that Dr. Oppenheimer's judgment was in error in several respects. It may well be that the security interests of the United States were adversely affected in consequence of his judgment. But it would be unwise, unjust, and dangerous to admit, as a principle, that errors of judgment, especially in complicated situations, can furnish valid grounds for later indictments of a man's loyalty, character, or status as a security risk. It has happened before in the long history of the United States that the national interests were damaged by errors of judgment committed by Americans in positions of responsibility. But these men did not for this reason cease to merit the trust of their country.

Dr. Oppenheimer advanced technical and political reasons for his attitude to the hydrogen-bomb program. In both respects he has been proved wrong; nothing further need be said.

He also advanced moral reasons. Here two comments are necessary. First, in deciding matters of national policy, it is imperative that the views of experts should always be carefully weighed and never barred from discussion or treated lightly. However, Dr. Oppenheimer's opinions in the field of morality possess no special authority. Second, even though Dr. Oppenheimer is not an expert in morality, he was quite right in advancing moral reasons for his attitude to the hydrogen-bomb program. The scientist is a man before he is a technician. Like every man, he ought to be alert to the moral issues that arise in the course of his work. This alertness is part of his general human and civic responsibilities, which go beyond his responsibilities as a scientist. When he has moral doubts, he has a right to voice them. Furthermore, it must be firmly maintained, as a principle both of justice and of religious freedom, that opposition to governmental policies, based on sincerely held moral opinions, need not make a man a security risk.

The issue of Dr. Oppenheimer's lack of enthusiasm for the hydrogen-bomb program has been raised; so too has the issue of his failure to communicate to other scientists his abandonment of his earlier opposition to the program. Here an important distinction is in order. Government may command a citizen's service in the national interest. But government cannot command a citizen's enthusiasm for any particular program or policy projected in the national interests. The citizen remains free to be enthusiastic or not at the impulse of his own inner convictions. These convictions remain always immune from governmental judgment or control. Lack of enthusiasm is not a justiciable matter.

The point that I shall later make in another connection is pertinent here. The crisis in which we live, and the security regulations which it has rendered necessary in the interests of the common good, have made it difficult to insure that justice is done to the individual. In this situation it is more than ever necessary to protect at every point the distinction between the external forum of action and omission, and the internal forum of thought and belief. A man's service to his country may come under judgment; it lies in the external forum. A man's enthusiasm for service, or his lack of it, do not come under judgment; they are related to the internal forum of belief, and are therefore remote from all the agencies of law.

The citizen's duty remains always that of reasonable service, just as the citizen's right remains always that of free opinion. There is no requirement, inherent in the idea of civic duty, that would oblige a man to show enthusiasm for particular governmental policies, or to use his influence in their favor, against his own convictions; just as there is no permission, inherent in the idea of intellectual freedom, that would allow a man to block established governmental policies, against the considered judgment of their responsible authors.

The conclusion is that the evidence with regard to Dr. Oppenheimer's attitude toward the hydrogen-bomb program, when it is rightly interpreted in the light of sound democratic principles, does not warrant the denial to Dr. Oppenheimer of a security clearance.

The primary question concerns Dr. Oppenheimer's loyalty. This idea must be carefully defined, first, in general, and second, in concrete and contemporary terms.

The idea of loyalty has emotional connotations; it is related to the idea of love, a man's love of his country. However, the substance of loyalty does not reside solely in feeling or sentiment. It cannot be defined solely in terms of love.

The English word "loyal" comes to us from the Latin adjective "legalis," which means "according to the law." In its substance the idea of loyalty is related to the idea of law. To be loyal, in Webster's definition, "is to be faithful to the lawful government or to the sovereign to whom one is subject." This faithfulness is a matter of obligation; it is a duty owed. The root of the obligation and duty is the lawfulness of the government, rationally recognized and freely accepted by the citizens.

The American citizen recognizes that his Government, for all its imperfections, is a government under law, of law, by law; therefore he is loyal to it. Furthermore, he recognizes that his Government, because it is lawful, has the right and the responsibility to protect itself against the action of those who would subvert it. The cooperative effort of the citizen with the rightful action of American Government in its discharge of this primary responsibility also belongs to the very substance of American loyalty. This is the crucial principle in the present case.

This general definition of loyalty assumes a sharper meaning within the special conditions of the present crisis. The premise of the concrete, contemporary definition of loyalty is the fact of the Communist conspiracy. Revolutionary communism has emerged as a world power seeking domination of all mankind. It attacks the whole idea of a social order based upon freedom and justice in the sense in which the liberal tradition of the West has understood these ideas. Moreover, it operates with a new technique of aggression; it has elaborated a new formula for power. It uses all the methods proper to conspiracy, the methods of infiltration and intrigue, of deceit and duplicity, of falsehood and connivance. These are the chosen methods whereby it steadily seeks to undermine, from within, the lawful governments and communities of the free world.

The fact of the Communist conspiracy has put to American government and to the American people a special problem. It is the problem of protecting the national security, internal and external, against the insidious attack of its Communist enemy. On the domestic front, this problem has been met by the erection of a system of laws and Executive orders designed to protect the lawful Government of the United States against the hidden machinery of subversion.

The American citizen, in private life, the man who is not engaged in governmental service, is not bound by the requirements of the security system. However, those American citizens who have the privilege of participating in the operations of government, especially in sensitive agencies, are necessarily subject to this special system of law. Consequently, their faithfulness to the lawful Government of the United States, that is to say their loyalty, must be judged by the standard of their obedience to security regulations. Dr. Oppenheimer was subject to the security system which applies to those engaged in the atomic-energy program. The measure of his obedience to the requirements of this system is the decisive measure of his loyalty to his lawful Government. No lesser test will settle the question of his loyalty.

In order to clarify this issue of the meaning of loyalty, the following considerations are necessary: First, the atomic-energy program is absolutely vital to the survival of the Nation. Therefore, the security regulations which surround it are intentionally severe. No violations can be countenanced. Moreover, the necessity for exact fidelity to these regulations increases as an individual operates in more and more sensitive and secret areas of the program. Where responsibility is highest, fidelity should be most perfect.

Second, this security system is not perfect in its structure or in its mode of operation. Perfection would be impossible. We are still relatively unskilled in the methods whereby we may effectively block the conspiratorial efforts of the Communist enemy without damage to our own principles. Moreover, the operation of the system is in the hands of fallible men. It is therefore right and necessary that the system should be under constant scrutiny. Those who are affected by the system have a particular right to criticize it. But they have no right to defy or disregard it.

Third, the premise of the security system is not a dogma but a fact, the fact of the Communist conspiracy. The system itself is only a structure of law, not a set of truths. Therefore this system of law is not, and must not be allowed to become, a form of thought control. It restricts the freedom of association of the governmental employee who is subject to it. It restricts his movements and activities. It restricts his freedom of utterance in matters of security import, not in other matters. It restricts his freedom of personal and family life. It makes special demands on his character, moral virtue, and spirit of sacrifice. But no part of the security system imposes any restrictions on his mind. No law or Executive order inhibits the freedom of the mind to search for the truth in all the great issues that today confront the political and moral intelligence of America. In particular, no security regulations set any limits to the free-ranging scientific intelligence in its search for the truths of nature and for the techniques of power over nature. If they were to do so, the result would be disastrous; for the freedom of science is more than ever essential to the freedom of the American people.

Fourth, the preservation of the ordered freedom of American life requires the cooperation of all American citizens with their Government. The indispensable condition of this cooperation is a spirit of mutual trust and confidence. This trust and confidence must in a special sense obtain between governmental officials and scientists; for their partnership in the atomic energy program

and in other programs is absolutely essential to the security interests of the United States. It would be lamentable if conscientious enforcement of security regulations were to become a danger to the atmosphere of trust and confidence which alone can sustain this partnership. In order to avert this danger, there must be on the part of Government a constant concern for justice to the individual together with a concern for the high interests of the national community. On the part of scientists there should be a generous disposition to endure with patient understanding the distasteful restrictions which the security system imposes on them.

Finally, it is essential that in the operation of the security system every effort should be made to safeguard the principle that no American citizen is to be penalized for anything except action or omission contrary to the well-defined interests of the United States. However stringent the need for a security system, the system cannot be allowed to introduce into American jurisprudence that hateful concept, the "crime of opinion." The very security of America importantly lies in the steady guarantee, even in a time of crisis, of the citizen's right to freedom of opinion and of honest and responsible utterance. The present time of crisis intensifies the civic duty of obedience to the lawful government in the crucial area of security regulations. But it does not justify abridgment of the civic right of dissent. Government may penalize disobedience in action or omission. It may not penalize dissent in thought and utterance.

When all these distinctions and qualifications have been made, the fact remains that the existence of the security regulations which surround the atomic energy program puts to those who participate in the program a stern test of loyalty.

Dr. Oppenheimer failed the test. The record of his actions reveals a frequent and deliberate disregard of those security regulations which restrict a man's associations. He was engaged in a highly delicate area of security; within this area he occupied a most sensitive position. The requirement that a man in this position should relinquish the right to the complete freedom of association that would be his in other circumstances is altogether a reasonable and necessary requirement. The exact observance of this requirement is in all cases essential to the integrity of the security system. It was particularly essential in the case of Dr. Oppenheimer.

It will not do to plead that Dr. Oppenheimer revealed no secrets to the Communists and fellow travelers with whom he chose to associate. What is incompatible with obedience to the laws of security is the associations themselves, however innocent in fact. Dr. Oppenheimer was not faithful to the restrictions on the associations of those who come under the security regulations.

There is a further consideration, not unrelated to the foregoing. Those who stand within the security system are not free to refuse their cooperation with the workings of the system, much less to confuse or obstruct them, especially by falsifications and fabrications. It is their duty, at times an unpleasant duty, to cooperate with the governmental officials who are charged with the enforcement of security regulations. This cooperation should be active and honest. If this manner of cooperation is not forthcoming, the security system itself, and therefore the interests of the United States which it protects, inevitably suffer. The record proves Dr. Oppenheimer to have been seriously deficient in his cooperation with the workings of the security system. This defect too is a defect of loyalty to the lawful government in its reasonable efforts to preserve itself in its constitutional existence. No matter how high a man stands in the service of his country he still stands under the law. To permit a man in a position of the highest trust to set himself above any of the laws of security would be to invite the destruction of the whole security system.

In conclusion, the principle that has already been stated must be recalled for the sake of emphasis. In proportion as a man is charged with more and more critical responsibilities, the more urgent becomes the need for that full and exact fidelity to the special demands of security laws which in this overshadowed day goes by the name of loyalty. So too does the need for cooperation with responsible security officers.

Dr. Oppenheimer occupied a position of paramount importance; his relation to the security interests of the United States was the most intimate possible one. It was reasonable to expect that he would manifest the measure of cooperation appropriate to his responsibilities. He did not do so. It was reasonable to expect that he would be particularly scrupulous in his fidelity to security regulations. These regulations are the special test of the loyalty of the American citizen who serves his Government in the sensitive area of the atomic energy program. Dr. Oppenheimer did not meet this decisive test. He was disloyal.

I conclude that Dr. Oppenheimer's access to restricted data should be denied.

THOMAS E. MURRAY,
Commissioner.

JUNE 29, 1954.

DISSENTING OPINION OF HENRY DEWOLF SMYTH

I dissent from the action of the Atomic Energy Commission in the matter of Dr. J. Robert Oppenheimer. I agree with the "clear conclusion" of the Gray Board that he is completely loyal, and I do not believe he is a security risk. It is my opinion that his clearance for access to restricted data should be restored.

In a case such as this, the Commission is required to look into the future. It must determine whether Dr. Oppenheimer's continued employment by the Government of the United States is in the interests of the people of the United States. This prediction must balance his potential contribution to the positive strength of the country against the possible danger that he may weaken the country by allowing important secrets to reach our enemies.

Since Dr. Oppenheimer is one of the most knowledgeable and lucid physicists we have, his services could be of great value to the country in the future. Therefore, the only question being determined by the Atomic Energy Commission is whether there is a possibility that Dr. Oppenheimer will intentionally or unintentionally reveal secret information to persons who should not have it. To me, this is what is meant within our security system by the term "security risk." Character and associations are important only insofar as they bear on the possibility that secret information will be improperly revealed.

In my opinion, the most important evidence in this regard is the fact that there is no indication in the entire record that Dr. Oppenheimer has ever divulged any secret information. The past 15 years of his life have been investigated and reinvestigated. For much of the last 11 years he has been under actual surveillance, his movements watched, his conversations noted, his mail and telephone calls checked. This professional review of his actions has been supplemented by enthusiastic amateur help from powerful personal enemies.

After reviewing the massive dossier and after hearing some 40 witnesses, the Gray Board reported on May 27, 1954, that Dr. Oppenheimer "seems to have had a high degree of discretion reflecting an unusual ability to keep to himself vital secrets." My own careful reading of the complete dossier and of the testimony leads me to agree with the Gray Board on this point. I am confident that Dr. Oppenheimer will continue to keep to himself all the secrets with which he is entrusted.

The most important allegations of the general manager's letter of December 23 related to Dr. Oppenheimer's conduct in the so-called H-bomb program. I am not surprised to find that the evidence does not support these allegations in any way. The history of Dr. Oppenheimer's contributions to the development of nuclear weapons stands untarnished.

It is clear that Dr. Oppenheimer's past associations and activities are not newly discovered in any substantial sense. They have been known for years to responsible authorities who have never been persuaded that they rendered Dr. Oppenheimer unfit for public service. Many of the country's outstanding men have expressed their faith in his integrity.

In spite of all this, the majority of the Commission now concludes that Dr. Oppenheimer is a security risk. I cannot accept this conclusion or the fear behind it. In my opinion the conclusion cannot be supported by a fair evaluation of the evidence.

Those who do not accept this view cull from the record of Dr. Oppenheimer's active life over the past 15 years incidents which they construe as proof of fundamental defects in his character and as alarming associations. I shall summarize the evidence on these incidents in order that their proper significance may be seen.

Chevalier incident: The most disturbing incidents of his past are those connected with Haakon Chevalier. In late 1942 or early 1943, Chevalier was asked by George Eltenton to approach Dr. Oppenheimer to see whether he would be willing to make technical information available for the Soviet Union. When Chevalier spoke to Dr. Oppenheimer he was answered by a flat refusal. The incident came to light when Dr. Oppenheimer, of his own accord, reported it to Colonel Pash in August 1943. He did not at that time give Chevalier's name and said that there had been three approaches rather than one. Shortly thereafter, in early September, Dr. Oppenheimer told General Groves that, if ordered, he would reveal the name. Not until December 1943 did General Groves direct him to give the name. It is his testimony that he then told General Groves that the earlier story concerning three approaches had been a "cock and bull story." Not until 1946 were Eltenton, Chevalier, and Dr. Oppenheimer himself interviewed by security officers in this matter. When interviewed by the FBI in 1946, Dr. Oppenheimer recounted the same story of the incident which he has consistently maintained ever since. He stated explicitly in 1946 that the story told to Colonel Pash in 1943 had been a fabrication. In the present hearings before the Gray Board he testified, before the recording of the Pash interview was produced, that the story told to Colonel Pash was a fabrication to protect his friend Chevalier. The letter which he wrote Chevalier in February 1950 concerning Chevalier's role in the 1943 incident stated only what Dr. Oppenheimer has consistently maintained to the FBI and to the Gray Board concerning Chevalier's lack of awareness of the significance of what he was doing.

The Chevalier incident involved temporary concealment of an espionage attempt and admitted lying, and is inexcusable. But that was 11 years ago; there is no subsequent act even faintly similar; Dr. Oppenheimer has repeatedly expressed his shame and regret and has stated flatly that he would never again so act. My conclusion is that of Mr. Hartley Rowe, who testified, "I think a man

of Dr. Oppenheimer's character is not going to make the same mistake twice."

Dr. Oppenheimer states that he still considers Chevalier his friend, although he sees him rarely. In 1950, just before Chevalier left this country to take up residence in France, he visited Dr. Oppenheimer for 2 days in Princeton; in December 1953, Dr. Oppenheimer visited with the Chevaliers in Paris at their invitation. These isolated visits may have been unwise, but there is no evidence that they had any security significance. Chevalier was not sought out by Dr. Oppenheimer in Paris but, rather, the meeting was proposed by the Chevaliers in a letter to Mrs. Oppenheimer. The contact consisted of a dinner and, on the following day, driving with Chevalier to meet Andre Malraux, the famous French literary figure for whom Chevalier was a translator. Malraux in the later years of his political life has been an active anti-Communist advisor to General deGaulle. These short visits were followed 2 months later by Chevalier's use of Dr. Oppenheimer's name in connection with clearance for employment by UNESCO. Dr. Oppenheimer's action in this matter seems quite correct. When Chevalier mentioned the problem, Dr. Oppenheimer suggested that the proper place for advice was the American Embassy and that Dr. Geoffrey Wyman, the scientific attaché, might be in a position to give the advice. Before seeing Chevalier, Dr. Oppenheimer had lunched at the Embassy with Dr. Wyman, a former classmate, but it is clear from Dr. Wyman's affidavit in the record that Dr. Oppenheimer did not at that time or later mention or indorse Chevalier.

Associations: It is stated that a persistent and continuing association with Communists and fellow travelers is part of a pattern in Dr. Oppenheimer's actions which indicates a disregard of the obligations of security. On examination, the record shows that, since the war, beyond the two visits with the Chevaliers, Dr. Oppenheimer's associations with such persons have been limited and infrequent. He sees his brother, Frank Oppenheimer (an admitted former Communist who left the party in 1941) not much more than once a year and then only for an evening together. By chance, while returning from the barber, he ran into Lomanitz and Bohm on the streets of Princeton in May 1949. Dr. Peters called on him once to discuss testimony given by Dr. Oppenheimer before the House Committee on Un-American Activities. He has seen Bohm and one or two other former students at meetings of professional groups. I find nothing in the foregoing to substantiate the charge that Dr. Oppenheimer has had a persistent and continuing association with subversive individuals. These are nothing more than occasional incidents in a complex life, and they were not sought by Dr. Oppenheimer.

Significance has been read into these occasional encounters in the light of Dr. Oppenheimer's activities prior to 1943.

The Gray Board found that he was an active fellow traveler, but that there was no evidence that he was a member of the party in the strict sense of the word. Dr. Oppenheimer's consistent testimony, and the burden of the evidence, shows that his financial contributions in the 1930's and early 1940's were directed to specific causes such as the Spanish Loyalists, even though they may have gone through individual Communists.

The Communists with whom he was deeply involved were all related to him by personal ties: his brother and sister-in-law, his wife (who had left the party before their marriage), and his former fiancee, Jean Tatlock. Finally, while there are self-serving claims by Communists on record as to Dr. Oppenheimer's adherence to the party, none of these is attributed to Communists who actually knew him, and Steve Nelson (who did know him) described him in a statement to another Communist as not a Marxist. The evidence supports Dr. Oppenheimer's consistent denial that he was ever a Communist.

Dr. Oppenheimer has been repeatedly interrogated from 1943 on concerning his associations and activities. Beyond the one admitted falsehood told in the Chevalier incident, the voluminous record shows a few contradictions between statements purportedly made in 1943 and subsequent recollections during interrogations in 1950 and 1954. The charges of falsehood concerning Weinberg and Lambert relate to such contradictions, and are dependent on a garbled transcript. In my opinion, these contradictions have been given undue significance.

Peters letter: I find it difficult to conclude that the letter written by Dr. Oppenheimer in 1949 following his testimony about Dr. Bernard Peters before a congressional committee is evidence of any fault in character. This carefully composed letter, a copy of which was sent to the congressional committee, was not an attempt to repudiate the testimony relating to Dr. Peters' background but, rather, was a manifestation of a belief that political views should not disqualify a scientist from a teaching job. He was led to this action by the protests of Dr. Bethe, Dr. Weisskopf, and Dr. Peters himself, and of Dr. Condon, and by the "overwhelming belief of the community in which I lived that a man like that ought not to be fired either for his past or for his views, unless the past is criminal or the views led him to wicked actions." One might disagree with this belief without taking it as evidence of untrustworthiness.

Lomanitz deferment: It is clear that in cross-examination in 1954, Dr. Oppenheimer was led into contradictions concerning the induction into the Army of Rossi Lomanitz in 1943. These contradictions, understandable as errors of memory, are serious only if Dr. Oppenheimer's behavior at that time was improper. Actually, Dr. Oppenheimer's letter to Colonel Lansdale in 1943 says: "Since I am not in possession of the facts which led to Mr. Lomanitz' induction, I am, of course, not able to endorse this request in an absolute way. I can, however, say that Mr. Lomanitz' competence and his past experience on the work in Berkeley should make him a man of real value whose technical service we should make every effort to secure for the project." The letter was sent to Colonel Lansdale, the man to whom Dr. Oppenheimer had given information on Lomanitz' Communist affiliation and the man who had told Dr. Oppenheimer that Lomanitz had been indiscreet with information.

Obstruction of security officers: The majority opinion cites the Chevalier incident as an instance of obstruction of security officers and states without specification that there are other instances. I have sought to identify these other instances. The only instance I have found is a refusal by Dr. Oppenheimer in 1950 to answer FBI questions about Dr. Thomas Addis and Dr. Jean Tatlock on the ground that they were dead and could not defend themselves. This reticence to discuss the activities of a friend and of a former fiance years after their deaths may have been an error. But in the circumstances it seems understandable hesitation and does not indicate a persistent "willful disregard" of security.

Seaborg letter: Before the October 1949 meeting of the General Advisory Committee at which the H-bomb program was discussed, Dr. Seaborg, a member of the General Advisory Committee, who was unable to be present, sent Dr. Oppenheimer a letter on the topics to be discussed. In Dr. Oppenheimer's letter to the Commission reporting the unanimous view of the eight members present at the General Advisory Committee meeting there is no mention of Dr. Seaborg's views. It is hard to see how Dr. Oppenheimer could have forgotten the letter, but it is still harder to see what purpose he could have hoped to achieve by intentionally suppressing it—and then turning it over to the Commission in his files. At the next meeting of the General Advisory Committee in December 1949 the action of the October meeting was reviewed, and the minutes show that Dr. Seaborg raised no objection. It seems likely that Dr. Seaborg himself did not consider that he had expressed any formal conclusions. His letter of October 14, 1949, opens as follows:

"I will try to give you my thoughts for what they may be worth regarding the next GAC meeting, but I am afraid that there may be more questions than answers. * * * It seems to me that conclusions will be reached, if at all, only after a large amount of give-and-take discussion at the GAC meeting" (p. 238).

The instances that I have described constitute the whole of the evidence extracted from a lengthy record to support the severe conclusions of the majority that Dr. Oppenheimer has given proof of fundamental defects in his character and of persistent continuing associations. Any implication that these are illustrations only and that further substantial evidence exists in the investigative files to support these charges is unfounded.

With the single exception of the Chevalier incident, the evidence relied upon is thin, whether individual instances are considered separately or in combination. All added together, with the Chevalier incident included, the evidence is singularly unimpressive when viewed in the perspective of the 15 years of active life from which it is drawn. Few men could survive such a period of investigation and interrogation without having many of their actions misinterpreted or misunderstood.

To be effective a security system must be realistic. In the words of the Atomic Energy Commission security criteria:

"The facts of each case must be carefully weighed and determination made in the light of all the information presented whether favorable or unfavorable. The judgment of responsible persons as to the integrity of the individuals should be considered. The decision as to security clearance is an overall, commonsense judgment, made after consideration of all the relevant information as to whether or not there is risk that the granting of security clearance would endanger the common defense or security."

Application of this standard of overall commonsense judgment to the whole record destroys any pattern of suspicious conduct or catalog of falsehoods and evasions, and leaves a picture of Dr. Oppenheimer as an able, imaginative human being with normal human weaknesses and failings. In my opinion the conclusion drawn by the majority from the evidence is so extreme as to endanger the security system.

If one starts with the assumption that Dr. Oppenheimer is disloyal, the incidents which I have recounted may arouse suspicion. However, if the entire record is read objectively, Dr. Oppenheimer's loyalty and trustworthiness emerge clearly and the various disturbing incidents are shown in their proper light as understandable and unimportant.

The Chevalier incident remains reprehensible; but in fairness and on all of the evidence, this one admitted and regretted mistake made many years ago does not predominate in my overall judgment of Dr. Oppenheimer's character and reliability. Unless one confuses a manner of expression with candor, or errors in recollection with lack of veracity, Dr. Oppenheimer's testimony before the Gray Board has the ring of honesty. I urge thoughtful citizens to examine this testimony for themselves, and not be content with summaries or with extracts quoted out of context.

With respect to the alleged disregard of the security system, I would suggest that the system itself is nothing to worship. It is a necessary means to an end. Its sole purpose, apart from the prevention of sabotage, is to protect secrets. If a man protects the secrets he has in his hands and his head, he has shown essential regard for the security system.

In addition, cooperation with security officials in their legitimate activities is to be expected of private citizens and Government employees. The security system has, however, neither the responsibility nor the right to dictate every detail of a man's life. I frankly do not understand the charge made by the majority that Dr. Oppenheimer has shown a persistent and willful disregard for the obligations of security, and that therefore he should be declared a security risk. No gymnastics of rationalization allow me to accept this argument. If in any recent instances, Dr. Oppenheimer has misunderstood his obligation to security, the error is occasion for reproof but not for a finding that he should be debarred from serving his country. Such a finding extends the concept of security risk beyond its legitimate justification and constitutes a dangerous precedent.

In these times, failure to employ a man of great talents may impair the strength and power of this country. Yet I would accept this loss if I doubted the loyalty of Dr. Oppenheimer or his ability to hold his tongue. I have no such doubts.

I conclude that Dr. Oppenheimer's employment "will not endanger the common defense and security" and will be "clearly consistent with the interests of the national security." I prefer the positive statement that Dr. Oppenheimer's further employment will continue to strengthen the United States.

I therefore have voted to reinstate Dr. Oppenheimer's clearance.

HENRY D. SMYTH,
Commissioner.

JUNE 29, 1954.

Mr. GROSS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, in section 122 of the bill we have offshore procurement in its rankest form. According to the figures submitted by the gentleman from Michigan [Mr. BENTLEY], there is already $85 million unexpended for the purpose of procuring aircraft from the British. This would add another $75 million to that amount, or a total of $160 million to be spent on aircraft produced in Britain at a time when the unemployed ranks in this country are being increased by virtue of lay-offs in the aircraft industry.

Mr. Chairman, I am going to support the amendment offered by the gentleman from Michigan [Mr. BENTLEY], to cut out the $75 million. I would have offered a motion, and will offer a motion if this amendment is defeated, to strike out the entire authorization, that is, the $75 million in new money plus the authorization for use of the unexpended $85 million. Let us take care of the people of this country, and if we have anything left, spread it over the world.

In connection with foreign aid, in the May 28, 1954, issue of U. S. News & World Report, I found this small item:

Harry Truman, when President, entered into a secret deal with the British Government promising a definite amount of dollar aid each year without informing Congress of the deal. When Congress failed to provide specific funds to meet the commitment a year ago, funds had to be diverted from other programs to make good on the deal with Britain.

I wonder if the Committee on Foreign Affairs or any other committee of Congress has ever inquired into this statement which appeared in that issue of U. S. News & World Report asserting that Harry Truman, when President of the United States, entered into a secret agreement with the British, promising a definite amount of aid each year without informing Congress of the deal. I am wondering if this $75 million authorized here for offshore procurement of aircraft or the $85 million that was authorized previously had anything to do with carrying out the secret commitments that were made by a President of the United States behind the back of Congress.

Mr. Chairman, the amendment offered by the gentleman from Michigan ought to be adopted.

Mr. JAVITS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is an amendment put into the bill by the Committee on Foreign Affairs in its considered judgment. I believe it my duty to justify what is planned on the ground that it is in the national interest of the United States. I think it is right and in the national interest, and I intend to justify it to the Committee of the Whole.

I am not a special expert on this subject, but I just could not sit and let this amendment go by. Either we are doing things that we know something about, or we do not, and it is high time we found out.

The RAF is the No. 3 air force in the world. It comes after the United States and Soviet Russia. We have on British soil enormous air installations of very considerable consequence. The RAF showed itself in World War II to be as scrappy an air force as there is in the world. It stood up against all of the German might, all of the German power, for a time practically on its own.

Mr. SMITH of Wisconsin. Mr. Chairman, I make the point of order that the Committee is not in order.

The CHAIRMAN. The Committee will be in order.

Mr. JAVITS. I am indebted to my colleague. I generally find in this House, if the Committee is not in order, it does not want to be, and if the Members are not interested, there is nothing to do about it. But, it is my bounden duty to stand up for this provision in the bill which was put in by the committee in a considered way, and is backed by the administration in a considered way.

Now, the British RAF, as I say, is the third largest air force in the world. After the United States and the Soviet Union comes the RAF. We have great installations over there. The British showed themselves very scrappy in World War II, particularly in fighter planes. They have been leading developers in the world of turbo-jets and ramjets and rockets, and in that research they had a very leading part and made enormous contribution to the strength of the free world.

We provided $85 million for exactly this kind of an operation to strengthen the RAF, in the 1953 bill. It took about a year to negotiate that contract. As everybody knows who has had experience in these fields, it takes a long time to negotiate a contract for new types of aircraft, and I am in a position to state to the House authoritatively, notwithstanding what has been said in support of this amendment, that the $85 million provided for last year has been fully obligated in contracts signed. We have a memorandum to that effect sent to the committee table by the representatives of the administration who are up in the gallery. That is the situation today.

The administration has represented to us, not on the word of an administrator, but on the word of General Stewart, the Defense Department's representative who put this program before us, as follows, as stated at page 30 of the committee report:

It is an overall plan in an effort to increase the finest air force outside of the United States, on the western side. * * * In the event of war all these forces are available for the North Atlantic Treaty Organization. This whole plan is an effort to build up the RAF to support the NATO forces between ourselves in the event of war.

This is pretty serious business, Mr. Chairman, and I, for one, am not going to take the responsibility of turning down this particular provision which has been put in in a considered way to strengthen such extremely important sinews of free world defense as the Royal Air Force, which has certainly demonstrated that it is on our side, on the side of freedom, in the most effective way known to date, by its heroic actions in World War II.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the author of the amendment.

Mr. BENTLEY. The gentleman says that the Royal Air Force is on the side of freedom; I believe, to a large extent, that is true. But certainly the gentleman can think of some areas of the world where that air force may have to be used in the cause of colonialism; and can the gentleman guarantee that those planes will not be used in those areas?

Mr. JAVITS. We have the guarantee of General Stewart who has testified that this particular provision is to support NATO. I am all for NATO. I think the House is overwhelmingly for NATO. I do not think that we ought to just blindly accept this amendment just because it is said $75 million can be cut, rather, we must look to the essential security interest involved, and on that basis the amendment should be rejected.

As I said before, I rise to call the House to its responsibility in a matter of the national security interest.

The CHAIRMAN. The time of the gentleman from New York [Mr. JAVITS] has expired.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to my colleague.

Mr. MORANO. I should like to associate myself with the remarks of the distinguished gentleman from New York. If we strike this section, we strike a blow at our own national security.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Iowa.

Mr. GROSS. Why do not the British build their own planes?

Mr. JAVITS. The British are building their own planes to their utmost limit. That is the justification for this that we want them to have more fighting planes than they can build on their own. These are military planes. It is definitely in the interest of our national security to assist in this strengthening of the RAF.

Mr. GROSS. Why do we not build the planes here, then, and send them over there?

Mr. JAVITS. We could not build them here because they are British-type planes, I will say to the gentleman from Iowa [Mr. GROSS], any more than they would be asked to build our B-47's or B-52's for us.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. CHIPERFIELD. Mr. Chairman, I wish to associate myself with the remarks of the gentleman from New York on this question.

Mr. JAVITS. I thank the gentleman.

Mr. HIESTAND. Mr. Chairman, I move to strike out the last word.

I rise in support of the amendment of my distinguished colleague, Mr. BENTLEY, of Michigan. The fact is I was about to offer the same amendment, but I am happy to yield to my colleague, a member of the committee.

This bill proposes to subsidize the British to the extent of an extra $75 million in aircraft production. The British aircraft production is high and going strong. This is a clear-cut case of subsidy and would take away an extra $75 million of our taxpayers' money at a time when American aircraft manufacturers are laying off workers. I am opposed to further subsidizing many foreign nations and especially under the guise of strengthening those who are in no need of it. I am highly in favor of this amendment and urge its adoption.

I ask unanimous consent that my colleagues who are of the same mind may also extend their remarks on this matter at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HINSHAW. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I, for one, would not want to deprive our British cousins of anything to which they were entitled or any benefit we might bring to them in the way of the North Atlantic area defense, but I would like to recall to my colleagues in the House, a number of years ago when we were doing our utmost to build up the defense forces of the United Nations. Korea had happened on June 24, 1950. Other things were happening along the line. There was a great need for military aircraft. We were doing our best and producing all we could. But they were not so interested in military aircraft in Britain at that time as were we, even though the Soviets were practically on their borders. They were building jet commercial transport aircraft for the purpose of recapturing the transportation market in British-made aircraft and were satisfied to let us concentrate on military aircraft.

At that time I had it out with one of the leading gentlemen in the aviation field of Britain. I chided him somewhat on their being more interested in transport aircraft than they were in military aircraft. They were building advanced types of commercial transports far beyond anything we had had time to build or even design at that point. His reply to me was, "We in Britain must recapture the trade of the world, and build transport aircraft and cargo vessels and passenger vessels to recapture our trade." That premise seemed to be more important to him at the moment than even the defense of their own country and the free world. They had been shipping prototypes of their excellent jet engines for the Soviets to copy and use in the MIG 15.

It seems to me that this $75 million for manufacture in the United Kingdom of military aircraft required by the United Kingdom had better be given a second thought by this House.

Mr. SCRIVNER. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Kansas, a distinguished member of the Committee on Appropriations.

Mr. SCRIVNER. The gentleman may be interested in knowing that in the near future there will be news to the effect that one of our major airlines is going to procure a large number of the British turboprop air transports.

Mr. HINSHAW. Our people have been so busy making fighting planes in this country they have not had time to build transports of modern design. Hence, as the gentleman says, our own transport people will be buying jet transports from Great Britain. Think of it. We have furnished to the world transport aircraft with which to compete in air transportation against our own flag air carriers, and now we are to furnish Britain money to do what—to build fighter planes for their own use, while they build commercial jet transports with their money to sell to American air transport concerns. Something is wrong with that picture—very. You might think she were doing us a favor by letting us protect her, and that we had to hire her to do part of the protecting of herself. It was only a dozen years ago, a little over, that the British were begging us to help defend Europe, including Britain. Now we are back again in the old commercial rivalry.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CLARDY].

Mr. CLARDY. Mr. Chairman, I just want to suggest this: I wonder if the Members of the House are aware of the fact that some of the most advanced jet engines and other plane parts have been sold by Britain behind the Iron Curtain. I wonder what assurance we can have that if we appropriate additional money that policy will be discontinued.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HOSMER].

Mr. HOSMER. Mr. Chairman, I want to bring up one matter which has not been answered in connection with the arguments of the opponents of this amendment. That is the statement that this money is needed in the event of war to bolster up the Royal Air Force. This is an offshore procurement matter. What is the purpose of offshore procurement? It is to build up manufacturing facilities across the ocean close to where we might expect to do the fighting. But in this particular case, we are concerned with aircraft, and the aircraft factories which might be located in the United Kingdom to make them. If located in the United Kingdom they would be just as close to the enemy today as they were in World War II. In other words, you have aircraft, the most mobile weapon of war involved here, and we should not spend funds for facilities to build them which are located right in the shadow of the guns which are going to wreck those factories in the event that hostilities break out. Build them elsewhere. This amendment will cut this foolishness of subsidizing aircraft factories in the front lines where they can be destroyed the minute hostilities begin.

Mr. HOLT. Mr. Chairman, will the gentleman yield?

Mr. HOSMER. I yield.

Mr. HOLT. I compliment the gentleman for his remarks and I would like to associate myself with the Bentley amendment and also compliment Mr. BENTLEY for introducing it.

Mr. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. HOSMER. I yield.

Mr. WILSON of California. Can the gentleman explain to those of us from the southern California area, how we can go home and tell our people who are employed in the aircraft industry at a time when aircraft contracts are thinning down that we feel aircraft should be procured overseas?

Mr. HOSMER. No. I do not think you or I or anybody else can explain to any sound-thinking American who has the defense of our Nation in mind the expenditure of any money for construction of aircraft manufacturing facilities in the front lines instead of in areas like San Diego, Long Beach, southern California, and other parts of this country, and perhaps in Canada or elsewhere far behind the front lines of the free world where those facilities can reasonably be expected to be in operation after D-day.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 85, noes 50.

Mr. MORANO. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was agreed to.

Mr. HARDY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ran out of time a while ago, but I want to pursue just a little bit further the question of offshore procurement of ships. I have read with a great deal of interest—real interest—the provisions with respect to the findings which must be made by the President or the determinations which must be made by the President in connection with offshore procurement. It seems to me that already our shipbuilding industry is in such a depressed state as to require discontinuance of offshore procurement of ships.

It seems to me imperative that all funds available for shipbuilding should be spent in our own yards. I call attention to the fact that already the Navy shipyards have an average reduction in their personnel of more than 21 percent since Korea. I do not have the figures with respect to the private yards.

In addition, there are further substantial reductions in employment in the Navy yards in the immediate prospect.

This morning some of my constituents were in my office in connection with this question of offshore procurement. I was amazed to be informed that at the present time there are contracts in existence for the construction of 90 ships in this offshore procurement program. I was further amazed to be told that there are two ships currently under construction in Yugoslavia. I called the Chief of the Bureau of Ships to confirm the information and I was advised that that was in error; that there were 3 ships being built in Yugoslavia instead of 2.

Mr. Chairman, I do not know what the situation is with respect to the shipbuilding industry in Yugoslavia, but from information that is currently available to me the shipbuilding industry on the continent of Europe appears to be in a much healthier condition than it is in these United States. It would seem to me we ought to devote what funds we have for the construction of ships to trying to maintain our shipbuilding skill in this country.

Mr. TOLLEFSON. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield.

Mr. TOLLEFSON. I am glad to hear the gentleman's comment on the condition of the shipbuilding industry in the United States and in continental Europe. The gentleman may be interested to know that as of October this year we will have only 3 ships on ways in our commercial yards; that in ship construction we now rank sixth in the world. As of January 1 of this year there were on order or being constructed in Great Britain 559 ships as compared with 48 in the United States.

Mr. HARDY. The information which the gentleman has given to this House saddens me, but I am glad the gentleman has given us the facts.

There should be some indication from this House today as to its concept of the health of the shipbuilding industry in the United States.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield.

Mr. FULTON. I have felt that our industry needs protection on this score. I am one of those who have come up with an amendment to this bill which the gentleman may not have noticed. It is on page 4.

Mr. HARDY. Yes. I am familiar with it. I appreciate the gentleman's calling attention to it.

Mr. FULTON. I am in no surplus unemployment area, but since we have raised a howl in the committee they have brought back a couple of hundred thousand.

Mrs. KELLY of New York. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I am glad to yield to the gentlewoman from New York.

Mrs. KELLY of New York. Due to disastrous conditions of unemployment in our private and Government shipyards here in America, caused me to offer in the Foreign Affairs Committee an amendment to prohibit offshore procurement of ships. The workweek in major Atlantic coast shipyards has dwindled in 2 years from 34 hours a week to the present average of 16 hours a week. According to a statement made by the CIO, was that the imminent collapse of the private shipbuilding industry in this country constituted a potential catastrophe should this country become involved in another war. Employment has decreased in the shipyards in America from an all high in 1943 of about 1,300,000 to 113,000 as of May 1954.

I lost this amendment in committee and as a result was one of the authors of section 103 (c) which I hope opens the door to enforce the proper authority to authorize the production of ships here in the United States as a result of these conditions.

Mr. HARDY. I thank the gentlewoman.

Mrs. KELLY of New York. I have always opposed aid to Yugoslavia, and regret any offshore production in that country.

Mr. HARDY. Let me put it this way: I congratulate the gentlewoman for her efforts and for the language that is now in the bill.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent that the gentleman from Virginia may proceed for 1 additional minute.

Mr. VORYS. Mr. Chairman, I must object. We have discussed this at some length. If we are going to finish the bill today we cannot have extended discussions when no amendment is pending. We have, I understand, a series of amendments pending which I hope can be reached.

The CHAIRMAN. Objection is heard to the consent request.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. HARDY. Mr. Chairman, will the gentleman yield to me?

Mr. COLE of Missouri. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. COLE of Missouri. If the Chair will recall, the time was set before the last vote. There has been no reading by the Clerk.

The CHAIRMAN. The Chair regrets to inform the gentleman that time was fixed on the Bentley amendment which was voted on.

The gentleman from Virginia gained the floor on a pro forma amendment, was recognized for 5 minutes, and his time has expired.

The gentleman from Pennsylvania [Mr. FULTON], a member of the committee, has been recognized for 5 minutes on a pro forma amendment.

Mr. COLE of Missouri. Mr. Chairman, I withdraw my point of order.

Mr. FULTON. For the purpose of recognizing the gentleman from Virginia.

The CHAIRMAN. The gentleman cannot recognize anyone. He can yield if a Member asks him to yield.

Mr. FULTON. I yield to the gentleman from Virginia.

Mr. HARDY. I am grateful to the gentleman because I just want to make one point before I sit down.

It seems to me, based on the information which has been presented to this House this afternoon in connection with our Nation's shipyards, information that I presented, information presented to us by the gentleman from Washington [Mr. TOLLEFSON] in connection with our private yards, it is about time this Congress indicated its impression as to whether or not these funds should be spent in our own shipyards, and if the record would simply show that I would be most happy.

Mr. FULTON. In order that the House will know what the viewpoint of the committee is, I direct their attention to page 4, line 14, subsection (1) of subsection (c), where there is provided appropriate screening for areas of labor surplus which would mean any place where plants were idle, or upon the industrial mobilization base which would be broader than an area of labor surplus. There must be this screening on these two bases. For various reasons, we did not want to put in the specific prohibition.

Mr. HARDY. I appreciate the observation which the gentleman has made. I think it may be wise, though, not to have a specific prohibition in this bill, but I think it is well for this Congress to indicate its wish in connection with this business of building ships so that policies will be followed which will aid the shipbuilding industry in this country.

Mr. FULTON. I feel this needs to be said so that the Congress shall know and the departments shall know what the intent is.

I may say that it has not been just myself alone who has been active in this, but members of the committee also, the Pittsburgh Chamber of Commerce, the United States Chamber of Commerce, and others. I think now we all know what we want.

Mr. SHELLEY. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. SHELLEY. May I ask the gentleman from Pennsylvania if he thinks that the language on page 4 is adequate? I ask this because it has been my experience that in judging the heavily unemployed areas they lump everything in an area together. We had the situation in some areas a couple of years ago where all shipbuilders were out of work and the shipyards were down with no work, yet because there was general employment in other fields they did not consider the shipyards at all.

Mr. FULTON. As I say, there are 2 things in that provision of the bill: No. 1 is whether there are "labor surplus areas," a designation which is well known, and the next phrase is "or upon the industrial mobilization base." This takes it out of a particular line and puts it on a broader base, so that it will not be just on the fact that one line is down and this is not that particular line, but they must look at the broad area and see if the mobilization base, if our general base level, is low.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all Members who desire to do so may insert their remarks in reference to their interest in the matter of offshore production and the protection of the wonderful industries in their district at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. WIGGLESWORTH. Mr. Chairman, I agree entirely with the sentiments expressed by the distinguished gentleman from Virginia [Mr. HARDY].

I am for offshore procurement. I appreciate its importance. But I am not for offshore procurement which deprives distressed industries of vitally needed construction and employment.

To construct ships overseas, which can be built in this country, at a time when our entire ship construction industry is almost flat on its back—at a time when our ship construction yards, vital to our mobilization base, are threatened with closing down, due to lack of work, seems to me to be contrary to our whole policy of national defense. It just does not make sense.

I trust that the administration will be guided accordingly under the provisions of this bill.

Mr. DOYLE. Mr. Chairman, when the level of shipbuilding in our own American shipyards is at such a low ebb as at the present time, together with the fact that it has been getting to a less and less active industry for too long a time, I question that it is in our national interest to have so much and such frequent offshore shipbuilding, under this present bill, or, under any enacted legislation.

Even you of my distinguished colleagues who live far from the great shipyards in our Nation, know by report and clear-cut evidence that the know-how and the skills of the shipbuilding industry are not only highly technical; but you also know that they cannot be acquired except by long years of toil and experience. Furthermore, it is self-evident; it has been proven in every national emergency where our marine was needed, that a going, ready, able and adequate shipbuilding personnel is absolutely necessary in the best interests of our own national defense.

For three terms in this great legislative body I represented a congressional district in Los Angeles County, where is situated the great Los Angeles Naval Base and several private shipyards, too. The important Long Beach Naval Shipyard is there.

Together with firsthand knowledge and observation thus gained by me during these 6 years, as well as my observations as a private citizen for many years in the same area, I have been privileged as a member of the House Committee on Armed Services to become even much better informed on the subject involved in this "offshore" problem.

Yes, I know the Navy yards always do a handsome job of performance. But, Mr. Chairman, the Navy cannot do the work or take the place of the private shipyard in our national economy. It never has and cannot also fulfill the mission of private industry in this field. We need both at all times as efficient, adequate, on the job. The 11 Navy yards as authorized by statute must likewise always be kept alert with top skills and experience.

Nor do I begrudge any reasonable aid to shipbuilding of our friendly allies. But, is it reasonable to neglect and practically abandon our own knowhow in this vital area? I am glad this bill in section 122 makes a clear avenue to the door of official responsibility so that a full showing can be made of basic reasons why our own domestic yards must not be left sick and sore, in favor of "offshore" favors. Only after a most exhaustive consideration and cooperation with our own American private shipyard building industry, so that there is a continuous workload adequate to create and present strong, skillful, workers, should we go "offshore." Nor should this workload be intermittent and indefinite or uncertain. Our shipbuilding on our own shores must be kept at a level consistent with not being or becoming dependent on foreign nations, all or any of whom might not be able longer to supply us or fullfill their contracts.

Some thousands of men living in my congressional district and nearby districts are engaged directly and indirectly in shipbuilding and related industry in Los Angeles County.

I assume this administration will heed the expressed intent of Congress and not jeopardize our own private shipyards over the Nation. Already, the hazard has been too great and too much damage has been done. Unless it is corrected forthwith we should declare a policy of "onshore shipbuilding" as our national program.

Mr. SHELLEY. Mr. Chairman, I rise in support of the pro forma amendment. Since the Mutual Security Act of 1951 first authorized a program of ship construction in foreign countries with American money I have been following the course of the program with interest and with increasing concern. My concern has increased almost daily with mounting unemployment in American shipyards, and any sympathy I might have had for any program of offshore ship procurement at one time has now reached the vanishing point. There may have been a time in the postwar period when the European shipbuilding industry needed an economic shot in the arm to put it back on its feet. That time has passed. There may have been a time when the production base for combat vessels in European shipyards was inadequate to meet a possible demand for such craft in the mutual defense effort. That time is past. There may have been a time when the staggering European economy provided some justification for funneling American dollars into England and the friendly part of the Continent through any practical channel; but that time has also passed. At the present time European shipyards are booming while American yards are practically busted. While the American economy has been floundering in a recession for the past several months the production index for the 17 western countries in the Organization for European Economic Cooperation has continued to hit new highs. The gold and dollar reserves of the rest of the free world continue to rise. Under these conditions there is no justification for a continuation of the program for building ships in foreign countries with American money which would be far better spent putting our unemployed shipyard workers back on the job. What is needed now is a little shoreside procurement in the United States.

In March of this year former Navy Capt. Gordon W. Rule, who was chief contracting officer for the Bureau of Ships at the inception of the offshore procurement program and for some time thereafter, and who placed millions of dollars worth of these contracts in European shipyards during that time, wrote a letter in which he neatly summarized the ridiculous picture we present in keeping this program going. The captain stated:

> The offshore procurement program has been presented and sold to the Congress on the theory that the military needed to build up a defense production base in the principal nations that are joined in the mutual defense in Europe.
>
> This is perfectly sound for some items being bought offshore where no production base exists. But it is ludicrous to suppose that England, France, Italy, Denmark, Holland, Germany, etc., need to have the United States build them a production base for shipbuilding. Five of these countries now lead the world in active facilities, backlogs of work, etc. They will take our orders and simply proceed to build the ships in going yards that long ago comprised an aggregate productive potential and productive base second to none in the world.
>
> What about the building yards in this country? I need not labor the situation existing in the shipbuilding industry in the United States because I am sure you know only too well its present sorry plight. No other major industry is as badly off.

Captain Rule spent a number of months in Europe placing contracts for ships and getting a first-hand knowledge

of actual conditions in the shipbuilding industry there. He also knows what he is talking about when he speaks of the sorry plight of the shipbuilding industry here.

In February of this year total employment in the shipyards of the United States, private and navy yards included, totaled 229,900. For 14 consecutive months prior to that each month saw a decline in the number employed, and although figures are not yet compiled for later months I know that the trend has continued. In February the private shipyards in the United States had only about 100,000 employees on the payrolls. This in an industry which at its wartime peak needed well over 1,500,000. Pacific coast private yards now provide work for only about 8,000 men. Over 400,000 worked in those yards during the war. If that is not a sick industry, I do not know what is—and if this will not be a sick country should a sudden need for ships arise I am badly mistaken.

Since World War II we have calmly sat back and allowed the shipbuilding defense production base of the United States go to pot while in the last 3 years we have spent almost $300 million to build up a production base in foreign countries where they already are building more ships in a week than we put out in a year. It has been estimated that the money we spent in offshore procurement of ships during 1952 and 1953 would have provided a full year's work for 40,000 men in the shipyards of the United States. That work for our shipyards would have done 10 times as much for the mutual defense effort as it did in keeping European yards booming, because when the chips are down and we have to defend ourselves it will be United States shipyards which produce the ships just as in the last war. If the European yards are doing any shipbuilding it will probably be for Russia. I am sure they will be grateful to us for keeping them going while our own yards decay.

Just how close to decay our yards are, is illustrated by the fact that by October 1st of this year there will be only three commercial vessels under construction on United States ways, with no orders in sight. And yet the bill we have here asks us to put $28 million more into European yards while the administration and Congress have failed to complete a single constructive step to revitalize our own industry. We have heard talk about a shipbuilding program since shortly after the administration came into power, but talk does not build ships. If the administration had used the authority available to it under the Merchant Marine Act of 1936 to continue the program inaugurated by the Truman administration in launching the Mariner ship construction, we would not now be in quite so sorry a fix and some of our shipyard workers would have steady work instead of a day here and a day there. Instead they have refused to use that authority and up until very recently had proposed nothing. Let us hope that they are now prepared to put their money where their mouth is and use it to put some ships on the ways of our dead and dying shipyards.

Mr. Chairman, I hope that the indefinite language inserted in this bill with the stated purpose of protecting United States labor and industry will be properly interpreted when the time comes to award contracts for building ships. I particularly hope that the words "areas of labor surplus" are understood to apply not only to geographic areas, but to industry situations as well. During the past 2 or 3 years I put in a considerable amount of time persuading the Office of Defense Mobilization to exempt the shipbuilding industry from the application of Defense Manpower Policy No. 4 which gives preference to surplus labor areas in awarding of defense contracts. It took a lot of work on my part to prove to ODM that the shipbuilding industry was a distressed industry and that, although the area in which any particular yard was located might not be classed as having surplus labor, the people who should be working in that yard were just as unemployed, and should not suffer the loss of a contract to another yard whose business might be booming even though the city in which it was located had surplus labor. I, therefore, want the record to be perfectly clear in indicating that section 103 (c) (1) of the bill is intended to protect a distressed industry as well as a distressed geographic area.

Mr. Chairman, it seems obvious to me, although it may not be so obvious to some of the Cloud 16 boys in the State Department or the Foreign Operations Administration, that when in mid-1953 there were some 7 million-plus tons of dry cargo and passenger vessel construction under way in the shipyards of the world, with none of this construction for the order of the United States merchant fleet in United States shipyards, it was time to begin worrying about our own shipbuilding industry rather than that of the rest of the world. Here it is mid-1954 and the picture is still not clear to our policymakers. I strongly recommend that Congress take the first step in opening their eyes by stopping them short on the offshore vessel procurement program.

Mr. CONDON. Mr. Chairman, I wish to rise in support of the position taken by the gentleman from Virginia [Mr. HARDY] with reference to offshore procurement as it affects the American shipyards. Our ship-building industry has stagnated to the point of virtual destruction. Efforts have been made to divert some of the work from our naval yards to private shipbuilding yards, which has not contributed substantially to the stabilization of the private yards, and of course had had a serious consequence on the naval shipyards. As long as the American shipbuilding industry ranks only sixth in the world, it seems to me inexcusable that we should be subsidizing foreign yards to build vessels that could well be built in our own yards. I also have a strong feeling that the Pacific coast yards have been especially discriminated against. Speaking as one Member of this body, I therefore hope that the House will see fit to protect the American shipyards.

Mr. MILLER of California. Mr. Chairman, while I appreciate the effort of the gentleman of Pennsylvania to protect American industry it does not go far enough.

Section 103 (c) (1), which he cites, limits the relief "with special reference to any areas of labor surplus."

There can be and are areas that are particularly hard hit in one or more phases of industry that are not in labor surplus areas. Let me illustrate. In the San Francisco Bay area, in California, the shipbuilding industry is very hard hit. We are building no substantial tonnage of new ships.

It was in the San Francisco Bay area that records in shipbuilding were made during the war. This is not a labor surplus area at this time. With the closure of automobile plants and the slowdown in durable goods production it is hard to say how long we can keep out of that category.

Seasonal employment in the food canning and processing industry is high, at this season, as it should be. This percentagewise makes it appear that we have employment in the area but shipyard workers, autoworkers and many production workers have no jobs. The usage of the statistical section of the Department of Labor is misleading. If we are to have our proper portion of shipbuilding, for instance, we must get ships to build.

I am not against offshore procurement, but I believe that charity begins at home. I would like to see the shipyard workers in other lands busy and employed but not at the cost of seeing shipyard workers in America without jobs.

In our own selfish interest we must retain the "know-how"—the skills in our shipbuilding and other production industries.

I hope that in the interpretation and administration of this section that the President will give thoughtful consideration to our own people.

Mr. CHIPERFIELD. Mr. Chairman, I supported the distinguished gentleman from Pennsylvania [Mr. FULTON] in placing in this bill the language contained in section 103 (c) which would protect United States industry from unfair competition from abroad, and would be especially helpful to areas in which there is surplus labor, which have been declared to be in class IV areas.

Mr. HAYS of Arkansas. Mr. Chairman, too many people, it seems to me, have come to give unthinking currency to that old phrase "giveaway program" when they refer to our mutual-security operations. This program is, in fact, one which is vital to the defense of the United States of America—just as much as the vast sums which we have shown our willingness to grant freely to our own Armed Forces. The program which we have before us today is complex; it includes a great variety of activities in many different parts of the world. But they are all linked, directly or indirectly, by the contribution they are making, and will continue to make, to the safety of our own country and our own free way of life.

That way of life is challenged in every part of the world today. The immediate form of the challenge varies from place

to place; therefore, the defense against it must vary from place to place. But everywhere the ultimate target of the Communist challenge can be seen to be this very Nation of ours, citadel of liberty and enterprise. And, therefore, it is up to us to act to resist the challenge as best we can wherever it rears its ugly head, with whatever means are appropriate in a particular place, with whatever allies we can obtain in a particular situation—before our own country becomes the immediate target of a Communist surge which shall have engulfed the other continents of earth. We in America can count ourselves blessed that that menace is still at long range, that we have some time left to shore up the defenses of the whole free world—defenses which constitute the outer bulwarks of our own national security.

And the great virtue of this mutual-security program is that it is so carefully devised to meet the particular dangers which exist in each particular area with the particular weapons—military, economic, educational, psychological—which offer the best prospect, within the prudent limits of our means, to counter those dangers area by area.

We are not putting all our eggs in one basket.

We are not putting all our reliance on the atom bomb to deter communism. We know the Communists can infiltrate areas where we dare not risk using the atom bomb.

We are not putting all our reliance on our own Armed Forces. We know that we do not possess the manpower to police the world.

We are not putting all our reliance on conventional armaments in the hands of others. We know that unpopular governments can be subverted by Communists from within even where the Communists would hesitate or be unable to use direct armed force from without.

We are not putting all our reliance on large-scale economic development assistance. We know that some countries cannot absorb it and that too-rapid social change may sometimes simply throw oil on the leaping flames of communism.

We are not putting all our reliance on technical assistance. We know that the widespread benefits of point 4 cannot in every case improve the situation fast enough to meet the Communist challenge.

We are not putting all our reliance on unilateral American action in these fields. We know that often a particular activity is more acceptable to other peoples if handled through the United Nation, free from suspicion of United States pressure.

So we are presenting to the House a program which integrates these various partial solutions, dovetailing them to the varied circumstances and needs of the free peoples. To be sure, the world situation is still fluid, especially in the Far East. We must leave the administrators leeway to make future adjustments. But the House and the American people should be reassured to know that the authorization now before us has already been subjected to most intensive scrutiny and criticism. The Foreign Affairs Committee held daily hearings for almost three months—twice a day during the last 3 weeks. Every executive proposal for substantial expenditures, in every country concerned, has been minutely examined, both separately and from the viewpoint of an integrated program. The result is a plan of authorization which merits confidence.

My Democratic friends will recognize that this represents the continuation of several programs which our party initiated. And may I say that although there have been times in recent months when Democrats were legitimately disturbed at what seemed to be the hesitation of this administration to grasp the hand of bipartisanship which we have so freely extended—still this particular bill constitutes a fine example of nonpartisan, painstaking congressional activity in which the participants on both sides can properly take pride. Democrats and Republicans alike deserve credit for important contributions to the bill that is before us. Correspondingly, my fellow partisans should avoid the temptation to stand smugly aside and point a finger of scorn at an overseas program which is obviously not succeeding everywhere. We cannot expect it to. As Americans, we can only do our best, and seek to persuade others to do likewise.

The objective is the defense of the United States—to be achieved through a defense in depth—not the kind of a defense which would begin by fatalistically conceding to the Communists the population and resources of half the world. We intend to do our best to work with the non-Communist peoples of the earth to keep them non-Communist—not to attempt to remake them in our own image, not to turn them into semicolonial dependencies of the United States, but to encourage and assist them to be come self-governing and progressive, imbued with national self-respect and determined to maintain a position independent of Moscow and Peiping.

We have suffered setbacks in these efforts. We are suffering setbacks today, mainly in southeast Asia. These setbacks give us cause for grave concern—but surely do not justify any abandonment or suspension of our activities in that area, which is so vital to our whole defensive position in the Far East.

We should take heart from the notable successes which our programs have achieved in other areas of the world—in Europe, in the Middle East, in Korea, and Japan. In all of these places the chances of Communist triumphs in the near future seem smaller than at any time since 1947. The immediate crisis area has been narrowed to southeast Asia. There it may be that we are bound to experience Communist gains as long as neither our own Government nor our allies show the willingness to intervene more actively. But in the apparent absence of a will to do so, this House should at least recognize that the kind of varied, flexible program which we are presenting today goes as far as is feasible to salvage as much as possible from the grasping claws of Asian communism. Half a loaf is better than none—and we ourselves may find it more digestible than the whole loaf of direct intervention.

We must take guard also that we do not allow our frustrations in southeast Asia to undermine the successes we have achieved elsewhere in building situations of growing strength through cooperation with allies and friendly peoples. It is bad enough to lose ground in Indochina without then compounding the evil by tearing apart the Big Three alliance, merely in order to allocate the blame.

I certainly believe that the establishment of a position of strength in southeast Asia—and in Indochina itself—is a vital national interest of the United States. But I also know that whatever happens in that area, we Americans are going to continue to need in many places—and ought to value—the cooperation of those few other great peoples of earth who share with us a long tradition of democratic self-government and adhere to Western principles of justice. The very preservation of our civilization in the fullest sense requires a ready interchange of the resources of the Western world—not just the material resources, however indispensable they may be, but also the intellectual, moral, and spiritual resources of the various nations which share our Christian heritage. We will impoverish our minds if we shut our ears to the ideas of our close allies, just as we would impoverish our material capacity to resist communism if we were to isolate ourselves from the great areas of the world. We have got to keep these channels open.

We should remember that it is not much better to shut ourselves off from the advice of our friends merely because of an exaggerated sense of our own righteousness, than it would be to shut ourselves off because of base timidity. Lately the course of events in southeast Asia has led us toward moral and political pitfalls. Many Americans seem to the parading our national piety, and adopting toward friendly but hard-pressed peoples a holier-than-thou attitude, which is of course deeply offensive to them—and which in turn threatens to produce in ourselves an inbreeding of thought that could disastrously blind us to the realities of the world in which we live. Pride, including spiritual pride, "goeth before a fall." It would be well for all Americans to keep this in mind in voicing judgment upon our allies for their reluctance always to go along with us.

We cannot escape our position of world leadership. And wise leadership, like love, suffers long and is kind.

We can still learn from those we lead.

Nor is it we who are doing all the suffering. The principle of mutual security is a principle of proportionate sacrifice for joint defense. The defense burdens individually borne by our allies may not approach ours in dollar totals—but they are being carried by peoples with much lower standards of living than ours, who are eager as we are to improve their standards. In many cases for them to increase their own defense burdens would simply play directly into the hands of the Communists—with the result that the net gain in will and capacity for defense would negligible.

At the NATO headquarters in Paris, a French colonel with decades of service—including World War II and two 3-year tours of combat duty in Indochina—receives no more pay than an American master sergeant. We prosperous Americans need to think a little more deeply about the real meaning of equality of sacrifice whenever we are tempted to bandy about the notion that FOA is a giveaway.

Mr. Chairman, I have had the bright hope—and I have not yet despaired of its fulfillment—that this legislation might be viewed as a symbol of our acceptance of leadership of the peoples of the world who are eager for peace, conditioned by justice and decency; that the positive phases of this great program would be emphasized; and that no one might say, whatever differences as to detail should develop, that we do this grudgingly and only because of the fears and tensions that exist. There are compelling reasons for this legislation, Mr. Chairman. I am firmly convinced that it is in America's interest. The fact that it is also in the interest of others who are still free to determine their own destiny and to build their own structures of government, does not make it less in our own Nation's interest. I believe the day will come when everyone of us who takes this view will recall with satisfaction having had a share in one of the most significant enactments of the postwar period.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the balance of the bill be considered as read and subject to amendment at any point.

Mr. H. CARL ANDERSEN. Mr. Chairman, I object.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I offer a preferential motion to strike out all after the enacting clause and report the bill back to the committee.

The Clerk read as follows:

Mrs. ROGERS of Massachusetts moves to strike out all after the enacting clause and report the bill back to the committee.

Mrs. ROGERS of Massachusetts. Mr. Chairman, this matter of offshore purchasing is dangerous, it is bad economically for us and it is also dangerous as a matter of national defense. If our workers go into other industries as a result of not being able to work in the navy yards and shipyards, we lose the skill of those men and, therefore, we will not be able to construct the vital naval equipment that is so necessary for our national defense.

We in Massachusetts are being terribly hard hit insofar as work in our navy yards is concerned and some of the State is in the surplus labor and distressed area. I talked to the Navy Department just a few minutes ago and one of the Assistant Secretaries of the Navy said he was very sympathetic and very sorry over the condition that exists in all navy yards. I repeat, Massachusetts has been especially severely cut—the United States should not give our shipbuilding trade to other areas.

It is incredible to me that Member after Member will get up on the floor of the Congress here and say that we must develop our national defense, but instead we are developing the national defense of other countries, countries that may be attacked at any time.

I hope that the language referred to by the gentleman from Pennsylvania will protect our shipbuilding industries and our workers and our country, but it does not offer enough protection.

Mr. FULTON. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Pennsylvania.

Mr. FULTON. With the protection of this amendment, the gentlewoman can go to the Foreign Operations Administration and the various Government departments, and ask if they have screened these offshore procurement contracts, show them the facts in your district, and have this work done in this country when there is unemployment or labor surplus.

Mr. O'NEILL. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Massachusetts. While I represent part of metropolitan Boston and many from my district are employed there, the Charlestown Navy Yard is in the gentleman's district and he does a great deal of work in behalf of the yard and its workers.

Mr. O'NEILL. Yes. I realize that the gentlewoman from Massachusetts in offering her motion, does so that we may protect our shipyard industry. The other morning a group of the Massachusetts delegation visited the Pentagon with the Secretary of the Navy. The gentlewoman from Massachusetts was there. And I now direct my remarks to the gentleman from Pennsylvania, we made reference to the fact that through offshore procurement ships were going to be built and were being built in Yugoslavia and in other sections of Europe and in other sections of the world, whereas at the present time at home in the Boston Naval Shipyard scheduled to be laid off on July 24 are 759 men. We asked the Secretary of the Navy at that time if it were possible under this offshore procurement act in the mutual security bill to designate that that work be given to the Boston Navy Yard. We directed this remark to Mr. Thomas, Secretary of the Navy. I am sure that the gentlewoman from Massachusetts will bear me out. He said that to his knowledge the Navy had nothing whatsoever to do with the Mutual Security Act or the assigning of the building of ships. You will recall that Admiral Liggett was there also and he corrected that statement. We have a man at the head of the Navy Department at the present time who not only does not know how to interpret the law, he does not even know the law.

I hope that this debate calls to the attention of Secretry of the Navy Thomas that the Navy has a definite program established under this act. Section 103, lines 14 through 23 on page 4, gives the authority to the administration to assign work to the Boston Naval Shipyard and any other areas where the economy of the United States is adversely affected.

Mrs. ROGERS of Massachusetts. May I say this, there are already many out of work out at the navy yard and private shipyards at the present time. In September there will be more workers laid off and there will be further layoffs in other shipyards in September. The amendment which would provide that work could be done in the United States in an area where there is unemployment ought to be helpful if properly carried out, but I am very cynical because I find especial help for surplus areas has proved to be rather a farce.

Mr. RIVERS. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, I rise in opposition to this motion and in defense of people in another section of the United States. A hungry South Carolinian is just as hungry as a hungry New Englander. The shipbuilding industry in the whole United States, notably in my part of the world, has felt the pinch of the depression which has hit the shipbuilding industry. Take the naval shipyards in this country. I know something about them. I know the plight of the one in Boston, and it is in a bad fix, a bad condition. The same is true of the one in Norfolk, and the one in Philadelphia, and the one in Brooklyn, and those on the west coast, and certainly those in the South. I want you to know that there are 11 naval shipyards created by statute. Every one of them has had to carry the entire burden of all the shipbuilding industry, particularly those under the Maritime Commission about which the gentleman from Washington [Mr. TOLLEFSON], has been talking, and if it were not for our naval shipyards in this country, we would have no shipbuilding industry. And, just now we are waking up to the fact that if we do not take care of our own shipbuilding, we will have none in this country. Now, why could not these desperately needed ships be given out of our surplus supply? In my own shipyard in Charleston we have ships in mothballs that could be taken out and given to these people. Some people say that some are being built in Italy, but because of security reasons that could not be discussed. Let me tell you this: We do not even have base rights in Italy. I said that a while ago. By the shotgun method we are being refused base rights, and they are trying to get us into Trieste. I know that and you know that. The same condition prevails in France. Why should we pay our taxpayers' money and subsidize shipyards, the shipbuilding industry, in other nations and get out of our own shipbuilding industry? It just does not make sense. And, I think we should alert our people. I have heard the lip service of my friend from Pittsburgh. That is lip service, is it not? You know it. Let us take some affirmative action here and stop this nonsense.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I yield to the gentleman from California.

Mr. MILLER of California. The gentleman should stress the fact that in shipbuilding it is the know-how to build as well as the actual, physical yards. That is a thing that is disappearing. We

are losing the skills of the people which are just as important as shipyards.

Mr. RIVERS. Of course. They are not going to the shipyards; they are going to the boneyard. When World War II broke out, we had no shipping, and the cost of shipping our war materiel in the so-called allied ships went up 2,500 percent. I think we are literally cutting our own throats. It reminds me of a story Judge Tarver used to tell about the colored man in his part of the world who had a little catfish. The little catfish was still wobbling and the old colored man said "Hold still, little catfish. I am just going to gut you." That is all we are doing with the shipbuilding industry. We are asking them to hold still long enough so that we can gut them. It just does not make sense. And, I am letting you know in my own terminology, I am "agin" it.

The CHAIRMAN. The question is on the motion offered by the gentlewoman from Massachusetts.

The motion was rejected.

The Clerk read as follows:

SEC. 123. Common use items: There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed $70 million for the provision of any common-use equipment, materials, commodities, or services which are to be used by military forces of nations receiving assistance under chapter 1 of this title. Programs authorized by this section shall be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.

Mr. JENSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have been listening with great interest to a discussion of the problem which confronts the shipbuilders of America. The shipbuilders are not the only ones that are suffering because of this unfair situation of our offshore procurement.

I was in India last fall where we are helping to dig, and paying almost all the cost of digging, 2,650 deep wells. The contractor who had the contract for 750 of those wells could not buy American-made goods, because of the fact that the specifications were so written that American manufacturers could not meet those specifications for motors and well pipe and hence the American manufacturers lost that business.

Also may I remind you, Mr. Chairman, that the Bureau of Reclamation in the fiscal year 1953 bought 62 percent of all of their generators for hydroelectric power plants and related facilities from foreign manufacturers, because the domestic manufacturers of those items were underbid to the point where the Bureau of Reclamation was forced to buy those articles in foreign countries.

Since I made public some of these matters that I have just talked about I have had letters from manufacturers of many many commodities in most every section of the United States of America complaining because they are losing business to foreign countries. I hope something can be done in this bill that will guarantee, to a reasonable degree, that the American people who pay taxes here will get at least their fair share of this business that is being given to foreign countries under our foreign aid setup. As much as we want to help other nations, after all, there is a limit to all things.

Our farmers are not very happy about it, either. We have sent hundreds upon hundreds of our agricultural technicians and experts all over the world to teach the people of almost every nation on this side of the Iron Curtain how to raise more farm products per acre. I am not too much opposed to that. But then we hear people who should know better lecturing to us as to how we must sell more farm products around the world.

Listen to this as a fair example. Last fall I was in a cornfield in France, it was making over 60 bushels to the acre, I asked, "How many bushels per acre did you used to raise before we gave you hybrid seed corn and showed you how to raise it?" And they said, "20 to 25 bushels."

The same is true of cotton, sugarcane, wheat, hogs, and poultry, and so forth. Now I am not complaining too much, but it disgusts me when I hear self-appointed experts stand on the floor of this House or go on the radio or before television and say we must have more foreign trade in our farm products, when I know, and you know, farm-products exports are dwindling and will continue to dwindle for the reason I have just explained.

Now, Mr. Chairman, before the vote comes on final passage of this foreign-aid bill now under discussion, may I again remind my colleagues that we, the people of the United States of America, have a Federal deficit of over $270 billion, which is more than the combined deficits of all the other nations on earth.

The Foreign Affairs Committee has just informed me that on July 1, next Thursday, there will be over $2 billion unobligated and over $9 billion unexpended from funds previously appropriated for this purpose.

This bill provides for an additional $3,400,000,000. Mr. Chairman, I yield to no Member of this House in my desire to help peace-loving, freedom-loving peoples of the world to ward off communism to the limit of our ability, but there is a limit to our own ability to pay out of the pockets of the already overburdened taxpaying American people.

Tomorrow this House will start consideration of the agriculture bill. A move is on foot to reduce the farm income, the basic item which governs our national income from which we are collecting local, State, and Federal taxes of over $90 billion annually, or over 30 percent of every American's income on an average. I shall vote "no" on final passage in the hope that the Appropriations Committee will reduce the amount requested in this bill to a figure I can support.

Mr. JONAS of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, let me preface with a question these remarks on the general subject of foreign aid, as embodied in the measure now before the House. Where in the Constitution of the United States does the Federal Government get the power to seize the American taxpayers' money and send it abroad as free gifts to foreign governments?

That, Mr. Chairman, is a constitutional question, which I believe too long has been permitted to remain unanswered. It is a question which has been permitted to go by default by our foreign policymakers over a period of nearly a decade, in their eagerness to buy friends and allies in the fight against Communist aggression. It is a question which I believe we must answer without delay.

Nobody sensibly can deny that in the years immediately following World War II, many of the European nations which fought gallantly were left prostrate. We were justified in helping them to struggle out of the wreckage of war. The argument that rehabilitation of our wartime allies was a measure of American national defense constituted a valid argument in those days.

But the situation then was far different from the one we face today. Then our wartime allies were, indeed, prostrate economically. Many hundreds of thousands, if not millions, were starving; commerce and industry were paralyzed, and in many instances actually nonexistent. In those days Western Europe lay helpless before the Communist threat. But today those nations no longer are helpless.

Today most of those nations are fully as strong economically as they were prior to World War II. They have all of the manpower and the industrial productivity which enabled them to put hundreds of well-equipped and well-trained divisions into the field. That they stand today ill-prepared, or not prepared at all, to face the Communist threat—that the NATO and the EDC have fallen into desuetude—cannot be attributed to economic weakness.

The failure of our putative friends and allies to ready themselves for strong resistance to Communist aggression, it would seem, can be attributed now to a total unwillingness to face the grim facts. It can be attributed to a desire only to enjoy the fruits of that prosperity made possible by American generosity, while leaving to the United States the terrible necessity of defending the free world almost unaided.

One can count on the fingers of one hand the nations, other than the United States, which are girding for defense to the full extent of their ability. And those nations, almost without exception, are relatively small and weak.

Because of these things, Mr. Chairman, the constitutional argument that our tremendous volume of foreign aid—excepting, perhaps, in some instances, that of a purely military nature—is a direct measure of national defense, has ceased to be a valid argument. Foreign aid has become in essence merely a mechanism whereby we try to buy the loyalty of allies. Allies who would rather, it seems, trade with our mutual enemy than resist him.

Screaming headlines, warning the public of the dangers of losing Europe and Asia, should we fail to feed all the hungry billions of the earth, are misleading, and unsupported by the record of past experience. If we continue large-scale foreign aid, without strict curbs on use of the money, and without demanding even cooperative friendship in return, we

shall be doing as it was done by ancient Rome. We shall build a system of satellite nations, which would give us as much cause for fear as do our enemies.

We are haunted by a fear of losing the support of those nations we have aided in the hope they would serve as our outer guard. Apparently we are afraid to cut off foreign aid lest our supposed allies join the enemy and kill us with our own weapons. We have been bankrupting ourselves to support some nations of the free world, while the Communists have plundered and absorbed others. Russian prestige has grown, while ours has dwindled.

Since the end of World War II, Mr. Chairman, total expenditures by the United States in foreign aid have totaled approximately $44,327,000,000. If one includes all the expenditures, such as lend-lease and military aid before and after the war, the total approximates $113 billions. The foreign-aid appropriation for the year still current totaled $6,776,800,000, as high or higher than in any previous peacetime year.

Since 1940 our contributions to Great Britain have reached the equivalent of more than a quarter of Britain's natural wealth. Yet today, as we have seen within the past week, Great Britain is less friendly and co-operative than before receiving our billions. Since 1944 we have given Italy $2,865,000,000, yet Communist Party strength there has increased from 4 million in 1944 to 6 million in 1954. Since 1944 we have given France about $5 billions. Yet today 1 French voter out of 3 votes the Communist ticket. One French soldier out of every 4 is a Communist.

If it is not now apparent to everyone, Mr. Chairman, it should be apparent that the Communists have succeeded in expanding their activities and their influence in every part of the world, despite the broadcasting of American billions. We have that influence right now in our own back yard. We are not sure even now that the patriotic citizens of Guatemala have succeeded in ousting completely the Communist regime set up in that little country, supposedly inspired with the aid and connivance of the Kremlin. And Guatemala is within 6 hours flying time of the Panama Canal.

And while all these things are going on, our own citizens are overburdened with taxes, a very substantial part of which goes to finance still further this disastrous experiment in buying friends and allies; in buying loyalty to the tenets of human liberty. In our Federal Government there is a clamor for additional pay increases for employees of numerous departments and agencies. Pay raises for the Coast Guard and for the Post Office Department are being investigated, but with the idea that little can be done about it, because no more taxes can be imposed to meet these demands.

My own community of Chicago, Mr. Chairman, and indeed the entire State of Illinois, now are taxed to the saturation point. Yet in Chicago there is a justified demand for pay increases for teachers, policemen, firemen, and other municipal employees. What are we going to do about these demands, Federal and local? What can we do while billions in tax money are being sent abroad as free gifts to foreign nations?

When these things are considered in the light of reason, it becomes apparent that our foreign aid programs now have reached a point where they are serving directly to lower the standard of living in the United States. For take note of this significant fact. Had we appropriated nothing for foreign aid in 1953, when the total was $6,776,800,000 for the 1954 Government fiscal year just now ending, we would have been able to balance the Federal budget in this year. Foreign aid represented almost exactly the total of the Federal deficit.

It should be understandable, then, Mr. Chairman, why I am opposed to the bill, identified as the Mutual Security Act of 1954, H. R. 9678. The objectives sought to be accomplished in this measure are defined in the following language:

> To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Fine language, indeed.

But the bill is replete with high-sounding platitudes, oratorical outbursts, and glib generalities, which add nothing to the measure by way of enlightening the public. The wording of the bill tends only to enmesh the United States more and more in the subtle trickery, the illusory policies, and the power politics of the Eastern Hemisphere.

This piece of legislation calls for billions to be handed out in just about every foreign nation identified on the global map, just as did similar bills approved by Congress over the past 8 years. The original bill was designed to provide aid for the suffering millions in Europe, who lost their livelihoods and even their hopes of the future as a result of World War II. But that is largely untrue today.

Had the later foreign aid bills been confined to this laudable purpose, undoubtedly there would have been an end of approval of them long before this. The bills latterly would not have met with the strong opposition that developed through the years. The growth of this opposition is indicated by the voting records of Illinois Members of the House.

When the foreign aid bill was submitted in 1949 to the 81st Congress, all Republican Representatives from Illinois, except four, recorded their votes against it. Only two Illinois Members of the House, who voted at all, voted in supported of the measure. Opposition to the foreign aid bills has grown stronger ever since.

The present bill is primarily one designed to delegate to the President all authority to carry out its terms. The bill calls for total appropriations of $3,440-608,000. However, to this total must be added the funds the President would be authorized to take from unexpended balances available because of appropriations previously made by Congress for foreign aid. It is reliably reported that about $11 billion comprising this surplus now are available for distribution under the Mutual Security Act of 1954, in addition to the current appropriations.

Here are some illustrations, Mr. Chairman, indicative of where the money that Congress is being asked to appropriate may go in the event that it is made available for distribution.

The President is authorized to make contributions to infrastructure programs of the NATO. A total of $27 million would go to encourage and expedite development of advanced design weapons by nations or international organizations eligible to receive military assistance. Provision is made that no money in this category is to go to nations which have not signed the NATO agreement. But we do not know for sure as yet just which nations are bound by the terms of that agreement.

It would seem to me that the millions made available for development of weapons of advanced design comes at a rather late date, in view of past events. The spies in our midst seem to have sent most of our advanced designs to Russia.

The bill provides for a gift of $800 million to support the armed forces of the states of Vietnam, Laos, and Cambodia, in Indochina, the armed forces of France now in that area, and for other purposes connected with implementation of our foreign policy in southeast Asia. This sum is only $175 million short of the total amount appropriated this year by Congress for extending and improving the entire highway system of the United States.

Under the category of development assistance, $130 million is appropriated for assistance designed to promote the economic development of the Near East and Africa; also $85 million for development of south Asia, comprising chiefly India, which refused American transport planes a right-of-way in flying French soldiers to the defense of Indochina.

Other provisions would authorize expenditure of $9 million for economic development of Latin American nations and non-self-governing territories in the Western Hemisphere; also $17,958,000 for making contributions to the United Nations expanded program of technical assistance. Another $500 million would go to purchase surplus agricultural commodities produced in the United States for distribution to needy populations abroad.

My point in citing all these provisions of the bill, Mr. Chairman, is simply to drive home the fact that the money of American taxpayers is being taken, without authority under the Constitution, for distribution throughout the entire world. To drive home the further fact that this is being done, while American public works are being neglected, while American workers in governments, both Federal and local, are unable to get cost-of-living pay increases, which can affect the standard of living in the United States in many respects.

Now in conclusion, I should like to make a few observations. With respect to the failure of postal workers to get a justified pay raise, let me say that it is reliably reported that it costs $5,000 a year to maintain an American soldier abroad, while the average postal employee starts with a base pay of only $3,300. Yet the postal employee usually supports and educates a family, while

the soldier, usually without dependents, too often spends his time guarding the property of foreign nationals in a land beyond the seas.

Let me observe, also, that we face a dire situation throughout all of South and Central America. Communist inspired riots and political uprisings sporadically occur in most of the Latin American countries. In Argentina currently is ruled by a dictator who has made common cause with the Communists and other left-wing elements of the country. In Chile recently we witnessed a mass meeting of college students, who burned the flag of the United States, and hanged in effigy our President.

In British Guiana, Communist infiltrators of the local government tried to take over, and were prevented from doing so only when the British Government sent in troops and put the country under martial law.

All of these things followed upon the expenditure of many millions by the United States Government in promoting what is referred to as the "good neighbor" policy. Today there is more unrest, and less respect and regard for the United States, than ever before in Latin America.

Among our most loyal and cooperative of allies may be numbered the Scandinavian countries, the Low Countries comprising the Netherlands and Belgium, and incidentally the Republic of Ireland. Yet these countries have not made continuous demands for replenishment of their national treasuries with American dollars, under threat of going Communist should their demands be refused.

West Germany, a country which has been gradually rebuilt by its inhabitants on the ashes of national destruction and despair, is bypassed when it comes to American foreign-aid handouts; handouts that are virtually imposed by main force on the NATO signatory nations.

Israel, the latest nation on the face of the globe to achieve the goal of self-determination, has made superhuman efforts to establish a successful commonwealth where refugees of Hebrew origin cast up by World War II may find asylum. This infant republic, dedicated to human liberty, has been allotted the paltry sum of only $33 million of grants in aid by the provisions of the bill now before the House.

At the same time, provision is made for further coddling of Tito, the erstwhile disciple of Josef Stalin, who asks us to take his word for it that he no longer obeys the orders of the Kremlin. Who knows but what his country of Yugoslavia may yet become the Trojan Horse of the Communists, should a worldwide atomic war break out?

Again let me observe, that the tax savings embodied in the tax reduction bill now before the Congress would total approximately $1,250 million a year. The foreign-aid expenditures next year, including the money now asked to be appropriated and the unexpended balances on hand, would be at least three times the total of the tax savings that are contemplated.

And finally, Mr. Chairman, let me make this one last observation. If it is true that the rest of the free world will go our way only if we continue to carry it on our backs, we can be sure of one thing. The rest of the free world will ride us until we die of economic exhaustion. Foreign governments will continue to take everything we are willing to give. Judging from past experience, they will not use those gifts to promote human freedom. They will use them to finance their own socialistic experimentation.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the remainder of title I be considered as read and open to amendment. I do not think there are any further amendments to title I.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The remainder of title I is as follows:

CHAPTER 3—DEFENSE SUPPORT

SEC. 131. General authority: (a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistsance under chapter 1 of this title, commodities, services, and financial and other assistance designed to sustain and increase military effort. In furnishing such assistsance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 to carry out the provisions of this section, not to exceed—

(1) $45,000,000 for Europe (excluding Greece and Turkey);

(2) $81,850,000 for the Near East (including Greece and Turkey), Africa, and South Asia; and

(3) $96,430,000 for the Far East and the Pacific. In addition, unexpended balances of appropriations heretofore made pursuant to section 541 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized for the same area by this subsection: *Provided*, That portions of such unexpended balances which have been allocated to assistance for Greece and Turkey shall be consolidated with the appropriation authorized by paragraph (2) of this subsection.

SEC. 132. Korean program: (a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed $230,000,000 to be expended, upon terms and conditions specified by the President, for defense support, relief and rehabilitation, and other necessary assistance (including payment of ocean freight charges on shipments for relief and rehabilitation, without regard to sec. 409 of this act) in those parts of Korea which the President shall have determined to be not under Communist control. In addition, unexpended balances of funds heretofore allocated for the purpose of relief and rehabilitation in Korea pursuant to the paragraph entitled "Relief and Rehabilitation in Korea," chapter VII, Supplemental Appropriation Act, 1954, and unobligated balances of the appropriation for "Civilian Relief in Korea," title III, Department of Defense Appropriation Act, 1954, are hereby authorized to be continued available for the purposes of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection.

(b) (1) Notwithstanding the provisions of any other law, the President is authorized, at any time prior to 24 mor ths from the date of enactment of this act, to transfer to the Republic of Korea, by sale or charter and on such terms and conditions as he may specify, title to not more than eight CI-M-AVI vessels. Any agency of the United States Government owning or operating such vessels is authorized to make such vessels available for the purpose of this subsection. Funds made available pursuant to subsection (a) of this section shall be available for the purpose of this subsection.

(2) Such transfers shall be made at prices determined under section 3 of the Merchant Ship Sales Act of 1946 (50 U. S. C., App. 1736): *Provided*, That such vessels shall be placed in class in accordance with minimum requirements of the American Bureau of Shipping by the owning or operating agency, and the expense of placing in class shall be reimbursed to such agency.

(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed $11,300,000 for making contributions to the United Nations Korean Reconstruction Agency or expenditure through such other agency for relief and rehabilitation in Korea as the President may direct. In addition, the unexpended balance of the appropriation made pursuant to the last sentence of section 303 (a) of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection. Sections 141 and 142 of this act shall not apply with respect to assistance furnished under this subsection.

(d) To the extent necessary to accomplish the purposes of this section (1) assistance may be furnished under this section without regard to the other provisions of this chapter and (2) the authority provided in section 306 may be exercised in furnishing assistance under subsection (a) of this section.

SEC. 133. Terms of assistance: Assistance under this chapter may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment, as may be determined to be best suited to the achievement of the purposes of this act.

CHAPTER 4—GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE

SEC. 141. Conditions of eligibility for assistance: No assistance shall be furnished under this title to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No such assistance shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title and to safeguard the interests of the United States.

SEC. 142. Agreements: No assistance shall be furnished to any nation under this title unless such nation shall have agreed to—

(1) join in promoting international understanding and good will, and maintaining world peace;

(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities;

(6) take appropriate steps to insure the effective utilization of the assistance fur-

nished under this title in furtherance of the policies and purposes of this title;

(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter 1 of this title, without the consent of the President;

(8) maintain the security of any article, service, or information furnished under chapter 1 of this title;

(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of chapter 1 of this title;

(10) permit continuous observation and review by United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance, or provide the United States with full and complete information with respect to these matters, as the President may require; and

(11) in cases where any commodity is furnished on a grant basis under any provision of this act other than chapter 1 of title I under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, establish a special account, and—

(i) deposit in the special account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) allocate to the use of the United States Government not less than 10 percent of the amounts deposited in the special account; and

(iii) utilize the remainder of the special account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this act would themselves be available.

Any unencumbered balances of funds deposited in the special account after the effective date of this act which remain in the account upon termination of assistance to such nation under this title shall be disposed of in such manner as may be authorized by act or joint resolution of the Congress.

The CHAIRMAN. If there are no further amendments, the Clerk will read.

The Clerk read as follows:

TITLE II—DEVELOPMENT ASSISTANCE

SEC. 201. Authorization: (a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

(1) $130 million for assistance designed to promote the economic development of the Near East and Africa, and for other types of assistance designed to help maintain economic and political stability in the area

(2) $85 million for assistance designed to promote the economic development of South Asia and to assist in maintaining economic and political stability in the area; and

(3) $9 million for assistance designed to promote economic development in the other American Republics and non-self-governing territories of the Western Hemisphere.

Such assistance may be furnished on such terms and conditions as the President may specify, except that not less than 50 percent of the assistance furnished under each paragraph of this subsection shall be furnished on terms of repayment in accordance with section 505.

(b) In addition, unexpended balances of appropriations heretofore made pursuant to sections 206 and 302 (b) of the Mutual Security Act of 1951, as amended, and unexpended balances of funds allocated to the emergency economic aid program for Bolivia are hereby authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriations authorized by paragraphs (1), (2), and (3) of subsection (a) of this section, respectively.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 22, strike out lines 12 through 15.

Mr. ADAIR. Mr. Chairman, my amendment would strike out $85 million of economic aid for India. There is in this bill in aid earmarked for India a total of $104.5 million. Of that total $85 million is in this title II, development assistance, which means economic aid. There is in another portion of the bill, title III, which provides $19.5 million for technical cooperation. My amendment would remove the $85 million but would have no effect on the $19.5 million in the technical cooperation section of this bill.

I must call the attention of the committee to the fact that as it is now written any funds provided under this section of this bill would be subject to the limitation that not less than 50 percent of the assistance be furnished on a loan basis. However, since we have been contributing substantial funds to India, we have contributed roughly $186 million in the period 1952–54. This money has been integrated and tied in with the 5-year plan of India for her own recovery. That plan was begun in 1951, but this country did not begin to participate until 1952. The money which is available in this $85 million item is to be used as planned for these purposes. I think it is important for the Members of the House to realize that as we consider this amendment. It is to be used with emphasis on nonagricultural development—including industry, transport—railroad rehabilitation, and electric power for economic expansion. If you leave this money in this bill, those are the things for which you are providing funds. The programs which have met with the greatest degree of success in India, that is those which come under the general heading of technical cooperation are not disturbed. Those are the programs whereby our experts go into various communities in India and teach the people how to do things for themselves for their own benefit and their own betterment. We, by removing this $85 million, will simply be removing the economic aid to that nation. It seems to me the question which is before the House this afternoon, as we consider this point is this: Is it good for India and is it good for our country to leave this amount of money in the bill for the purposes I have specified? Certainly, we have many friends in that great country, and I am sure they realize that they have many friends here, but it becomes a matter of weighing the benefits of such a program. It seems to me that here is the opportunity for the House to express its opinion upon a question not of military aid, not of technical assistance, but of economic aid. Therefore, I think it very proper that this amendment be adopted and the $85 million removed from the bill.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise to speak in defense of the authorization of aid for India as contained in this bill. As the Members know, the Honorable JAMES P. RICHARDS and I were congressional delegates to the Eighth General Assembly of the United Nations. During that 3 months' assignment, we had dealings with the delegates from India which were not always pleasant. As Americans we were sometimes surprised and shocked by Indian statements and inferences about the United States' conduct of its foreign policy. In our report to the Congress—House Report No. 1695—we expressed our criticism in very plain words, for we felt that the Congress should be aware of that situation and we hoped that the attitudes of your representatives would be brought sharply to the attention of the Government of India.

I am pleased that the minority report on this bill quoted our remarks on India because it gives me an opportunity to illustrate an important principle which should guide this House in its consideration of all matters dealing with American foreign policy. That principle is that our first consideration must always be to protect and further the best interests of the United States. To that end, I sincerely believe that by authorizing this money for India we will be considering the best interests of the United States.

India is a newly independent nation of 400 million people. For the past 200 years they have been governed by outsiders, leaving them highly suspicious of the West, even when our overtures were made in friendship and good faith. We know their fears are unreasonable, but we must recognize that they exist. We should also recognize that the leaders of India, when they make rash and unjustified statements, often are playing upon the prejudices and fears of their people. We on the American political scene are too often guilty of this same practice!

The authorization which we are considering today will go as aid to the Indian people. If such efforts contribute to better standards of living which would most certainly tend to bring about a better understanding of our endeavors in their behalf, I feel certain it will do more to change the public statements of their leaders than any criticism we direct at the Indian leaders alone.

But even aside from an apparent lack of appreciation shown by the Indian Government, we must never lose sight of the fact that India is an independent, democratic country, demonstrating, by its very existence, that a free people can survive and prosper in Asia. In our never-ending psychological battle with communism in Asia we could have no better demonstration of the basic strength of our way of life than the example of a free India.

Moreover, India is a going concern. Its people are no longer willing to accept conditions under which they have lived for centuries. They are helping themselves. But without outside economic assistance can they progress rapidly enough?

Asia, as you all know, is in terrible ferment. Upheavals in underdeveloped areas have caused, in part, many of the troubles on that great continent. India

is emerging as a leader of the Asian nations. Other countries of that area look to India for guidance in policy because they believe that India has been recognized across the world as a major power. We have a vested interest in India's position if only to be sure that India and not Red China becomes the spokesman in Asia.

I hardly need tell you that the Soviets are exerting a tremendous effort in India. The necessity to Sovietize India and China was openly expressed during numerous sessions of the Comintern. India must build itself a strength with which to resist communism, now in control of neighboring China. This she can do as she realizes her own potentialities and is given time to develop maturity and political wisdom.

What will happen if India is engulfed by communism? Aside from the disastrous psychological effect on all Asia, let me point to some of the United States import lists. We receive from India 37 percent of our manganese, 63 percent of our mica, 53 percent of our ilmenites, and many other strategically important minerals. Moreover, India contains one of the world's richest deposits of iron ore, coal, and bauxite.

I feel that this authorization for aid to India is very definitely in the first and best interest of the United States.

Let me say in conclusion that to me we are not buying India's friendship. Surely we are not stupid enough to think we could do so in India or in any other country. But we believe that by helping the Indian people when and as they so desire in the building of better standards of living we shall be able to strengthen those within India who are fighting communism vigorously and wholeheartedly.

The CHAIRMAN. The time of the gentlewoman from Ohio has expired.

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

Mr. VORYS. Mr. Chairman, will the gentleman yield for a consent request with reference to time on this amendment?

Mr. CELLER. I yield.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

Mr. DAVIS of Georgia. Mr. Chairman, reserving the right to object——

Mr. CELLER. Mr. Chairman, I cannot yield if this is taken out of my time.

The CHAIRMAN. It will be taken out of the gentleman's time.

Mr. CELLER. Then I cannot yield further.

Mr. VORYS. Mr. Chairman, I withdraw my request.

Mr. CELLER. Mr. Chairman, to cut out aid to India would be tragic, unrealistic, unwarranted surgery. It would be a knife at the heart of our own foreign policy. The injury to ourselves, I might venture to say, would be greater than even we can calculate at this moment. With one such act of deletion, we have spoken a great democracy's—our democracy's—indifference to want and poverty; we alienate not only the people of India but those who watch and weigh our leadership in world affairs. What are our objectives? An expression of irate impatience? Or finding the one road to peace?

For years we have heard much criticism on the loss of China. The debate continues in fury. Yet here we contemplate a deed so fraught with tragedy for the whole free world that generations hence will ask whence came these blind spots.

India wants peace. This I know. It is not only that India wants peace; she desperately needs peace, peace that will give her time, she argues, time to work out the enormous problems, economic and social, that face her. Nehru says:

> If we delay too long, perils will envelop us, both external and internal, so we must have a sense of urgency.

This is India's thinking. We know as well as India knows the thousands of miles of common border she faces with Red China. The dilemma is there for her. One of her ways to solve it, she believes, is to adopt, as she calls it, a dynamic neutralism. We may not agree that that is the way. We may say this is the wrong way to buy time, but we do know she is trying to struggle through to peace. And not a peace at any price, for if it were at any price, India could not point at all to her voting record in the United Nations. During the eighth session of the General Assembly, India voted in support of the United States on 27 occasions and in support of the U. S. S. R. on 19 occasions. There would have been no such 27 occasions were India willing to try for time at any price. Keep in mind that at the same time the United States and the Soviet Union voted in support of each other on 14 occasions.

To say that India is not alert to the dangers of international communism is to deny the facts. It is perhaps the degress of alertness that may be open to question. Within India itself, quiet, quick, and effective measures are being constantly taken against subversives and Communists in government. Communism is a crime and the party is outlawed in numerous provinces. Many Communists have been jailed. India, unlike us gets after communism without fanfare, without any circus performances. During my visit to India, I talked with Nehru, President Persad, Govenor General Bagpai of Bombay, Governor General Roy of Bengal and many other leaders in Government. I found that by instinct, training, education, they are all oriented toward the West. And it is this orientation we must keep in mind when we act on aid to India. Do we encourage this orientation of India's leaders or do we push it away and with the pushing away make room for greater poverty in which the evils of communism flourish?

We cannot accuse India of bad faith. In her own way, she, too, seeks the road to peace, not in defiance or arrogance, but hopefully, probing here and there. This is of course her right, as it is ours, to seek varying directions to peace. If we deny her our aid, what do we save? Money. But if we grant it, we may in the end have saved a continent and millions of human souls. We cannot demand that other countries recreate themselves in our own image. If we can help in some measure India toward the fulfillment of her aims toward economic and social well-being, toward the expansions of democracy, then we shall in that measure have helped ourselves and all of the free world. I pray, gentleman, you consider well what you do.

I am not unaware of what may appear to be Nehru's skirting. Nehru has advocated the possibility of a peaceful coexistence with Red China. This is a policy advanced by Great Britain and France as well. Nobody at this moment can say whether that is possible or not, but, again, we do not turn aside from the most significant and largest democracy in Asia because while we do not differ in objectives we differ, perhaps, in method. India is a democracy, eager to preserve that democracy, eager to develop democratically. We face the long, hard pull at this turn of history. Irritation and impatience are the most ill-advised of all possible guides.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CELLER. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. VORYS. Mr. Chairman, I object.

Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 15 minutes.

Mr. DAVIS of Georgia. Mr. Chairman, reserving the right to object, may I ask the gentleman, why can he not permit Members to debate this item that carries $85 million? Do we have to hurry through with it on a basis of that kind?

Mr. VORYS. It is because of pressure on the House that the gentleman knows about. I have been hoping all day that we could move along. It seems to me that 15 minutes would be sufficient.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. DAVIS of Georgia. Mr. Chairman, I object.

Mr. DORN of South Carolina. Mr. Chairman, I rise in support of the amendment offered by the distinguished gentleman from Indiana [Mr. ADAIR]. In the last few years we have put this economic aid policy on a very fallacious foundation.

There is one thing I learned in the Far East 2 years ago from some people over there that I know knew what they were talking about. I was reliably informed that when Prime Minister Nehru came to the United States on his famous visit some years ago, which many of you will remember, he was taken up to Wall Street in New York. He was shown the vast financial setup of the United States. He was told that this corporation here represented billions of dollars, that this one represented hundreds of millions of dollars. He was taken over this country and shown vast projects that India could not possibly have in the next generation.

Then he went back to India and made this statement:

I do not like America. America is too dollar minded. They worship the dollar. They seem to think they can buy our friendship.

Those people resent that.

Mr. Chairman, what we should have done when Nehru was in America was take him out to Indiana or Nebraska or some of these great breadbasket areas of America. We should have shown him how to grow food for the people of India. Let him see the ordinary people of America. We have some poor people too. We should not have taken him up to Wall Street and shown him and impressed upon his mind the power of the almighty dollar. A real opportunity was missed to show Nehru the grassroots of the United States. The freedom and stamina of the common citizen—the real power of America.

It is time for us to wake up. We are in charge of the purse strings of America. Yes, I saw on the streets of Calcutta, along with the gentleman from North Carolina [Mr. BONNER], and others, after we had voted millions of dollars in grain for India, the bodies being hauled off early in the morning, just as they have been for generations. And, listen, Mr. Chairman of the Committee on Foreign Affairs, I was not taken on that tour around the streets of Calcutta at 6 o'clock in the morning by the cocktail diplomats who are supposed to be representing the people of the United States of America. I was taken there and shown the truth by the Standard Oil representative in Calcutta, by the representatives of American business, who told me about this fallacious policy, this ridiculous idea, of buying the friendship and love of people across the seas. They told me that every single bushel of wheat in the United States of America could have been piled on the wharves of Calcutta and the people of India would still be starving, as they have been for hundreds of years. Why? Because they do not have the railroad facilities in India. Why? Because 83 percent of the people of India are illiterate. They cannot read or possibly know where the aid comes from. The Government of that country would take the wheat and give it to their rich merchants, to those people friendly to Nehru, who in turn would give it to their friends, or sell it on the blackmarket. The people of that country continue to starve as they have been doing for many years.

What is the answer to this problem? Yes, send relief to those areas of the world where they need it, where people are starving, but send it through the Red Cross, send it through the Salvation Army, send it through the international relief organizations, people qualified to administer relief and meet the needs of the people of the world without any political strings tied to them by the party in power. Send aid in the Christian spirit of brotherly love. Not through some Government agent interested in padding figures to keep his job and maintain his luxurious standard of living.

I remember a colonel coming here from Bulgaria appearing before the Committee on Un-American Activities who made the flat statement, which has never been refuted, that UNRRA helped in the communization of his country; that when UNRRA came there, who was the crowd that administered it? The party in power, of course. And, they gave it to their friends on the promise that they would get more people into the Communist Party, and it was the taxpayer's money of this country that helped to communize Bulgaria, Poland, Czechoslovakia, and those nations of central Europe.

Mr. Chairman, it is time for this Congress, for this House, to realize that self-respect, honor, decency are still considered virtues by peoples in foreign lands. Their courage, determination and desire for freedom cannot be bought with American dollars. Their character and national pride is being weakened with handouts.

We should tell our foreign friends that there is no easy road to national glory. Tell them that the America of today is the product of privation, frugality, poverty, perservance, blood and sweat. They too can have freedom by their own efforts, by looking to and believing in themselves. Faith in their own destiny will win where American money alone cannot possibly buy national honor.

Mr. DAVIS of Georgia. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I was unable to get the hearings on this bill in time to go through them as thoroughly as I would have liked before this bill came up. I have, since the committee report was available, studied this matter as closely as I could, and I have discovered one thing which was rather amazing to me; it is shown on page 9 of the committee report. The amount which is proposed in this bill for development assistance, for technical cooperation and other programs under title IV amounts to $481 million. Now, that is $45 million more than this House appropriated this year for all the rivers and harbors projects in the entire United States, which amount to $436,379,000. The rivers and harbors item for last year amounted to $423 million, and yet this bill carries $481 million for items which are not military assistance, not direct forces support, not defense support, but such items as 2,850 deep wells in the Ganges River delta to irrigate that farmland; for such items as building a fertilizer plant in India; for furnishing steel to India, and for items of that kind which are not a part at all of the technical assistance program.

Two years ago it was proposed to appropriate $77 million to India under the point 4 program for that year, although India was nearly $2 billion in the black, and we had a national debt then of $259 billion. I offered an amendment to cut $50 million off the Asia-Pacific so-called point 4 program; it passed overwhelmingly in the House and the reduction was approved in the Senate. So, we saved that $50 million that year. We ought to save the $85 million this year which is provided by the amendment offered by the gentleman from Indiana, in support of which I am now speaking.

That part of the hearings which I have been able to read and digest up to this time shows that—and I quote from page 540 of the hearings:

We have to date contracted for 2,850 production wells and are currently in the process of contracting for 350 exploratory wells in other parts of India. The United States investment in this program has been $24.5 million, to date, mostly from fiscal year 1952 and fiscal year 1953 funds.

It is also proposed in this program to spend our taxpayers' money for locomotives and freight cars and to rehabilitate the railroads of India.

In the financial stringency which we find our Government faces at this time, every dollar of this money which we appropriate for India and in this program must be borrowed money and we must pay interest on it. It is that kind of a burden on the taxpayers of this country. So I say that in the financial stringency which our Government now faces we should not, in addition to all these military items, be engaged in financing this kind of a program for India or any other foreign country. We have a hard enough time financing our water resources development projects here in this country. As I have already pointed out, the entire river and harbors appropriation in the House this year is $45 million less than the $481 million which is proposed to be appropriated here for these three items which go to make up the so-called point 4 or technical assistance and special economic assistance program.

This program started off in 1951 in the beginning to be a technical assistance program, with an appropriation for India of $5 million. It jumped the next year to $54 million; the following year $77 million was requested, and this year $85 million. Is there no help for the American taxpayer?

The CHAIRMAN. The time of the gentleman has expired.

Mr. JACKSON. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take the floor in support of the amendment and I would say in that connection that while India is entitled to lead her own life politically, economically, militarily; to pursue whatever course she may desire in world affairs including that of neutralism or close cordiality with the Soviet Union; and while Mr. Nehru may think what he wants, he may say what he desires to say in world councils, he may govern as he chooses, this country is certainly under no compulsion, under no obligation to underwrite constant, continuous and premeditated abuse from the leader of India nor from any other leader of any other nation in the world. Consistently across the past several years—in the world press, in the councils of the East, in the councils of the United Nations, our efforts and our objectives have been scorned and our projects worldwide have been derided. It appears that only our contributions in dollars and our contributions in wheat are acceptable in the Indian market place of ideas and of philosophies.

I think it should be said quite frankly that there is a tendency on the part of many to tiptoe around the true purposes of what we are trying to do in this all-out, tremendous effort which has been made across the years and is being made presently by this Congress. We are trying, to the best of our ability, to contribute in material support and in moral support, to the free nations of the world who can bring to this great effort against the greatest aggression since Genghis Kahn, spirit, determination, cooperation—those things without which certainly our efforts and the efforts of our allies are doomed to certain failure.

Today in the great worldwide bucket brigade in which this Nation is but one nation in the line there are those who are willingly passing along the bucket to help quench this great worldwide conflagration, but in that line as of today there is one nation which insists on trying to pass the bucket in the opposite direction and the confusion, the chaos and the dissension which grow out of India's present activities in this area cannot help but seriously handicap if not frustrate completely the decided effort being put forth.

Military aid is one thing, and there is important military aid contained in this bill. May I say here parenthetically that I intend to support the bill. I intend to vote for it. I think that to cease our effort at this point in what we are trying to do would certainly bring about a state of worldwide chaos. But I cannot subscribe to the idea that we are under a moral obligation to continue to do one single thing for those nations whose every effort appears to be directed to the frustration of our efforts in this regard.

I am very much in favor of the amendment offered by the gentleman, and I hope it will be adopted by this body.

Mr. JUDD. Mr. Chairman, I move to strike out the last word.

Mr. VORYS. Mr. Chairman, if the gentleman will yield, I ask unanimous consent that debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from New York.

Mr. JAVITS. May I make the observation that we like to have friends, but in this bill we are seeking allies. Also, that we, unlike the Communists, need no satellite states to enslave, but that we want to help peoples in the rolls of the free world. India is a vital counterfoil to Communist China and must be kept free.

Ambassador Allen, who is an extremely able man, and in whom so many Members of the House have confidence, reported this conversation—hearings, page 528—with Prime Minister Nehru:

He said he recognized that if any country becomes so dependent on foreign aid that it becomes addicted to the habit, then it never will be able to stand on its own feet. He said India needed foreign aid but at the same time he did not want India to become an habitue of it. He wanted India to stand on its own feet as soon as it could and as well as it could. He referred to this as a limitation on India's desire to have foreign assistance.

I might say that I respect that point of view. It is a great deal more dignified, it seems to me, and self-reliant than just to put your hand out for as much as you can get.

That, I think, is the attitude we all want taken, with respect to countries we work with in the mutual-security program. What we want them to do is to stand on their own feet in the lists of the free. That I know is the gentleman's view, and it is mine. India, building up economically, has a development plan involving $4 billion in investment, and our aid is estimated not to exceed 10 percent in any case overall. This plan is the redeeming assurance of freedom and of the support of the free world for the people of India. This is our direct channel, from the American people to the people of India, of self-help and mutual cooperation. It is invaluable. The worst thing we could do is to shut off from us India's people. I ask that the amendment be rejected.

Mr. JUDD. I agree with the gentleman and thank him.

Mr. Chairman, to oppose this amendment is not an easy position to take for reasons that everybody knows. It would be popular to denounce India for some of the provocative things some of her leaders have done or have said about us. But the more difficult the situation is, the more we have to sit down and take a good look at what we are trying to do in this bill, what this whole program is about.

It was never designed as a means of getting people to like us. Nobody has ever induced people to like him by giving them things. They may have to take his aid because of straitened circumstances, but they resent it just the same.

The idea behind this program is not that we can bribe people to join our side. You cannot bribe anybody to join you who is worth having, anywhere in the world.

The purpose of this bill is not to discharge a moral obligation. Not a cent of this Government aid, in my opinion, can be justified as charity or humanitarianism or on the basis of moral obligation.

The idea is not even that it will make friends for us.

The purpose of this bill is to safeguard the security of the United States. There are two main means or methods by which nations have won security. One is to prevent by all legitimate means any increase or expansion of the power of the forces that are against us, that are dedicated to our destruction. The other is to keep ourselves strong and have as much as possible of the rest of the world free and strong and on our side.

We are not trying to make other countries satellites of the United States. That is the Kremlin's objective and method; it is not ours.

We want other countries to be free and proud, willing and able to defend their national independence. If they are able to defend their own country and keep its manpower and resources and strategic bases out of the control of the enemy, that serves their interests and ours.

We are not trying to get Mr. Nehru or anyone else to bow before us to say, "Thank you so much for saving us." I would despise that attitude on our part, if anybody had it, as much as I would on his part if he were to come cravenly either to beg as a suppliant or to express gratitude as a cringing inferior.

What we are trying to do is to help free peoples stand on their own feet so that they can keep their countries free and out of the hands of our enemy. It is just as hard-headed a proposition as that. I wonder why we cannot keep our eye on the ball. This is not to make people like us; nobody is going to like us for something we do for them. It is not to make ourselves feel good because of aid we are giving to somebody. This program is to keep our enemy from getting any bigger and stronger and to keep the free world from being chiseled away and becoming steadily smaller and weaker.

Do we think we are doing so well in the world today that we can just cavalierly toss aside the several hundred million people of India who occupy exceedingly strategic territory and who may hold in their hands more of the fate of our own country than we even begin to realize?

Now how can we help keep their countries free? We can help give them the capacity to stand on their own feet and defend their national independence. That is what this bill is about. It cannot create the will, but it can give people who have the will, the capacity to defend their own institutions.

The people of Asia want economic uplift, yes, but that is not their first concern, it is a poor second. They want democracy—yes, but they can go a while longer without that, as they have gone centuries without it. The thing they do want, the desire that burns in their hearts, their first concern is the determination to be free from alien control. For decades, and in some cases for hundreds of years, they have fought to become independent. They have so recently achieved their independence. They have just tasted freedom—and they like it. More than anything else they are determined to keep it. And the first person they look on with suspicion is the white man of the west, from whom they won their freedom.

They have been independent for only about 6 years, it will be 7 years in August for India. Yet we expect them to be more mature and sure of themselves and judicious than we ourselves are after 175 years of independence and self-government.

Now, Mr. Nehru is a difficult person. Who is not under such circumstances? George Washington was pretty difficult, too. So is Syngman Rhee. So, for that matter, is Mr. Churchill. Almost every man is stubborn and proud and difficult who has the will to fight for 40 years to win independence for himself and his people.

Some of the leaders of India have what doctors would call in a child

adolescent revolt. I have a daughter who is going through the same thing. She does not know what some other imperialism may be like, but she knows what the one is like she has been under for the last 15 years; she is against it.

The British had Mr. Nehru, for example, in jail for 12 or 14 years. His inner soul has sustained wounds that inevitably make him have a strong subconscious resentment against everything connected with white people and with the Anglo Saxon tradition—of which we are a part. In his English-trained mind, he probably knows better. But down in his heart are scars that one can hardly expect to change much after what he has been through in 40 years of struggle against the West.

He hopes against hope that maybe communism, which he has never been under, will be less oppressive than the British rule which he has been under. It will not be, but it is not surprising that he does not see that yet. He is trying to get along with it.

Mr. Chairman, it took us 20 years or more to wake up to the nature of Communist imperialism. Some have not waked up yet. We have to give him a few more months. We cannot expect him to arrive at the same conclusion as we at the very same minute that we do.

Mr. Churchill has not discovered it yet. He advised us yesterday to have "a real good try for peaceful coexistence." If he still thinks that is possible, how can we ask a young nation that is just getting on its feet to be wiser and more intelligent and more resolute and more penetrating in its judgments than we in the West are, despite all our disillusioning experiences.

Again, Mr. Chairman, the Indians see the Communists steadily winning in the struggle for Asia. Do we have a right to expect them to stand up against the Reds better than the West is doing?

Mr. Chairman, I hope everyone will take a good look at this amendment before deciding to vote for it. I hope we will take a good look before we take any action that might help a country of such strategic importance to drift into the hands of the Kremlin. These newly independent peoples are striving to find their way. I am convinced that if they are given a chance to become strong and to survive, they will be on our side when the showdown comes, because it is the side of freedom, and they will find there no freedom, there is no concern for human values on the other side.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent that the time allotted to me may be given to the gentleman from Minnesota [Mr. JUDD].

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield with pleasure to the distinguished minority leader.

Mr. RAYBURN. Does not the gentleman think and would not the committee think that since this question has been raised and since it has been considered in the committee in hearings, both public and in executive session, and after it has been put in the bill, and furthermore, since we are dealing with a proud people, and a highly sensitive people, does not the gentleman think it would be a terrible mistake now for the House of Representatives to strike this language from the bill?

Mr. JUDD. I certainly do. That is the whole burden of my remarks. It would be like serving notice on these people that they might just as well go over to the other side first as last. That is why I believe we are playing with something as dangerous as atomic bombs here today—a sort of fission of the nucleus of freedom, if you will. When our country was just getting started, its leaders, including George Washington, wanted to be neutral, to keep out of other people's quarrels. They could do it because of physical isolation at that time. Nehru wants the same thing. He cannot have it; but does not see that yet. Events will force him to see it if we do not drive him to the other side by giving him no hope from our side. Let us not cut off all aid to India and thereby endanger our own security.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. HALLECK. Mr. Chairman, I merely wish to express the hope that the amendment is defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and the Chairman being in doubt, the Committee divided; and there were—ayes 61, noes 99.

Mr. ADAIR. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chairman appointed Mr. VORYS and Mr. ADAIR to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 74, noes 125.

So the amendment was rejected.

Mr. PHILBIN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD immediately following those of the gentleman from New York [Mr. FINO].

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, open to amendment at any point beyond that which we have already reached.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. WILLIAMS of Mississippi. Mr. Chairman, reserving the right to object, I would like to ask the majority leader as to how long he intends to continue tonight?

Mr. HALLECK. I am glad the gentleman asked that question, because it gives me an opportunity to explain the situation as I see it.

There is no desire here to press on the matter of time for debate; certainly we have gone on here with everyone speaking who wanted to speak. There has been no motion to shut off debate; any limitation was by unanimous consent.

I understand there are two amendments at the desk, one by the gentleman from Michigan [Mr. BENTLEY], and one by the gentleman from Washington [Mr. TOLLEFSON], which I understand may take a little time for debate. There are a couple of other amendments one of which will be withdrawn after a short statement. In other words, it seems we are down to the point where two amendments might take some time and the others not much time. If that is the situation and we can get the bill considered as read, then it would be my idea for the Chairman to recognize the gentleman from Michigan [Mr. BENTLEY], and the gentleman from Washington [Mr. TOLLEFSON], to dispose of their amendments. There could be a fair limitation of time for the consideration of those amendments and it seems to me if that were undertaken we could conclude the bill this evening without running too late.

Mr. WILLIAMS of Mississippi. Can the gentleman tell me what page of the bill we are on, and how many billion dollars we have already spent so far today, and how many billions we still have to go?

Mr. HALLECK. I might say to the gentleman from Mississippi—of course we have a great number of measures to be disposed of this week. There will be some conference reports in the morning. It is my desire that we meet at 10 o'clock in the morning to go on with the work that is before us and I hope that these measures that should be disposed of will be disposed of by Friday night so that we can have a long recess over the weekend. As many of you know, I had hoped for something a little better than that, but it is obvious now that that cannot be done.

Mr. WILLIAMS of Mississippi. With all due regard to the good, honest intentions of our distinguished majority leader, I recognize this as merely an attempt to expedite and rush through this legislation and I object.

Mr. HOFFMAN of Michigan. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. If anyone should ask for the reading of the engrossed copy, would that put it over until tomorrow?

The CHAIRMAN. We have not reached that point.

Mr. HOFFMAN of Michigan. I just wanted to ask if we could do that.

The CHAIRMAN. That would be a matter for the Speaker to rule on in the House.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: Page 22, strike out lines 20 to 24 inclusive and insert in lieu thereof the following:

"The total amount of assistance furnished under each paragraph of this subsection shall be furnished on terms of repayment in accordance with section 505."

Mr. BENTLEY. Mr. Chairman, as Members can see in the committee print,

the total amount of long-range economic assistance, otherwise known as development assistance, is $224 million. We have just voted on an amendment to eliminate $85 million. Fifty percent of the total amount of economic assistance is required under the committee print to be furnished on a loan basis under the terms of section 505. The amendment I have offered would put the entire amount of long-range economic assistance on a loan basis and would terminate any grant program, any give-away program, insofar as economic assistance is concerned.

In offering this amendment, Mr. Chairman, I am mindful of the recommendations of the Randall Commission which recommended that economic aid on a grant basis be terminated as soon as possible. I am also mindful of the message the President sent to the Congress on March 30 of this year on the foreign economic policy of the United States in which he said:

> I subscribe, therefore, to the principle that economic aid on a grant basis should be terminated as soon as possible.

I also feel compelled to quote from a committee print containing the statement of the distinguished floor leader of our committee, the gentleman from Ohio [Mr. VORYS], in which he commented on these two statements of policy and said that apparently they have been completely ignored by the officials of the executive branch who brought up the fiscal year 1955 program to us.

I would like to quote two sentences from that statement by the gentleman from Ohio:

> Experience has shown us that when a country can have a grant or a loan, it always chooses a grant, and when a foreign aid administrator has both grant and loan authority, he always chooses grants.

The second statement which I think is very important is this:

> In any case, we have found since World War II that loans do not make enemies, and grants do not necessarily make friends.

Mr. Chairman, we have just debated an amendment to take out $85 million for India and South Asia. I remember, while the debate was going on a few minutes ago, someone stating that the Indians were a proud people and they would resent such action which would be deliberately pointed at them. That is true. The people of India are a proud people. The people of the Near East, Africa, and the other American Republics in the Western Hemisphere, all of whom come in under this development assistance, are also proud people. I also think they would resent the fact we would take any of this money out of our bill. So, all right; so, they are proud people. But let us give them a chance to be proud people. Who do you think is a prouder person, the person who is on charity or does business on a loan basis? That is what I am advocating. If we have to have this economic-assistance program for another year, I do advocate that it be placed on a loan basis so that we can conclude some business arrangements with these countries and maybe have some prospects some day of getting some money back and at the same time terminating grants and giveaways in this economic assistance which only, as somebody said yesterday, results in people thinking they are poor relations. For goodness' sake, let us give them a chance to show the pride that they are always talking about and saying they have. Let us give them pride. Let us not make them feel they are getting something for nothing. That is why I advocate the passage of the amendment which would put all long-term arrangements on a loan basis.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. Is there not evidence to the effect that that is exactly what the Indians would like to do?

Mr. BENTLEY. I have here a letter from the president of the Indian League of America in which he says he does not want to see any government-to-government economic assistance of any type, and I do think that the Indian people would prefer to have a loan.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Chairman, what I want to say is that while I originally started out on this basis myself on this section, after a great deal of discussion and giving and taking in the committee, the committee has provided in section 505 that 10 percent of title II money is to be by way of loans. Any of the rest of it could be by way of loans, and therefore I am constrained to feel that this represents a committee compromise, a 50–50 proposition in title II, that had best be followed.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from South Carolina.

Mr. RICHARDS. First of all, I want to compliment the gentleman from Ohio. I think every member of the committee will agree with me when I say that there is no man in the House or the other body who knows more about and has made a greater contribution to foreign aid legislation, or who has written more language, much of it restrictive, into foreign aid bills than has he. Further, I want to say this: He has fought for a long time for this loan provision. He won because he is brim-full of tenacity, sagacity, but most important of all, integrity. The loan provision as it is in the bill now will make $340 million available only for loans. That in itself is a massive innovation in foreign-aid legislation. It will have to be in the nature of an experiment, and I think it will be a successful experiment. I am glad to hear that the gentleman from Ohio is willing to go along with the committee, though he was originally for 100 percent loans on this section. I think his position is eminently correct, and I hope the House will keep the provision in the bill as it is.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY) there were—ayes 68, noes 102.

So the amendment was rejected.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word.

I should like to ask the chairman of the committee 2 or 3 questions about a section which we have not reached yet. It is on page 28, title IV, Other Programs, section 401, subtitle "Special Fund."

It was under authority similar to the authority in this provision that Mr. Stassen of the Foreign Operations Administration embarked upon his now famous Operation Reindeer which ended up by his giving 5 million Christmas presents away to people around the world. I merely ask the question for the purpose of having a little legislative history here which might guide the Administration in the use of this fund.

I want to ask the chairman of the committee and the ranking minority member of the committee if it is contemplated by this proposed appropriation that any such Santa Claus, giveaway program will be looked upon with favor by the members of the Committee on Foreign Affairs.

Mr. Chairman, you will recall that when this matter was first brought to the attention of the House it developed that actually 5 million presents were given away, paid for by the American taxpayers. I do not see how you could possibly read into the language of the MSA bill of last year any idea that we were then and there dealing with individuals on a holiday basis, or Santa Claus basis, or anything like Operation Reindeer. The language said that the President might make available to any nation not to exceed $20 million of the $100 million made available. Now the committee makes $150 million available. I am not objecting to the amount involved, but I am objecting to becoming part of a Santa Claus scheme like that which we witnessed last year.

A similar provision was in the surplus disposal bill which we had here the other day calling for $100 million. The conference report on that bill was filed today. When we came to conference on it, notwithstanding the actions of the House, the Senate conferees unanimously favored striking out that provision.

I should like to yield to the gentleman from Ohio [Mr. VORYS] to explain just what will be done with this $150 million.

Mr. VORYS. Operation Reindeer came out of the similar fund, the President's discretionary fund, on the recommendation of the Operations Coordination Board, which was the successor to the Psychological Strategy Board last year. There was no such program recommended or referred to in any way this year, but if the Psychological Strategy Board and the President himself thought, as they did, that this would be psychological strategy, such a thing could be done. There has been no indication or hint that Operation Reindeer would be repeated. There has been con-

siderable discussion about it. But I want to be perfectly clear to the gentleman that this discretionary fund is intended to grant the authority of discretion to the President.

Mr. COOLEY. Do I understand that the gentleman as a member of the committee looks with favor upon such a project as Operation Reindeer?

One other thing I desire to call attention to is the fact that in the surplus disposal bill, which was before the House last week and upon which the conference report will probably be presented tomorrow, we provided $300 million worth of surplus commodities to be given away by the President, and in addition thereto authorized the sale of another $1 billion worth of commodities to be sold for local currencies. The amount of $1 billion was reduced in conference to $700 million. The $700 million when added to the $300 million to be given away makes a total of $1 billion worth of surplus commodities which will be sold for foreign currencies or actually given away. In addition to that billion in the surplus disposal bill, our committee will present to the House tomorrow general farm legislation containing a section known as the "set aside." This, too, was a proposal of the administration and under it $2,500,000,000 in value of surplus commodities will be "set aside." In that bill it is provided that the President under certain circumstances, may give away or dispose of any part or all of the "set aside" commodities. If all this authority is exercised and all these valuable commodities are given away our so-called surplus will certainly disappear.

I hope that you gentlemen will agree not to become a part of Mr. Stassen's Santa Claus projects in 1954.

Mr. VORYS. No, there was no approval I know of in the committee on that.

Mr. COOLEY. I am just wondering why the committee did not make some inquiries and reach some conclusions after all the talk we had about Operation Reindeer.

Mr. VORYS. Inquiries were made and a full investigation was made, but I want to point out that the only Santa Claus money that has gone through which is a pure give-away of agricutural surpluses went through in a bill from the gentleman's committee, and I voted for it, for $300 million of relief agriculture that could be given away around the world.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. SMITH of Wisconsin. I think the gentleman and the House should know that there is wide discretionary authority in this legislation. Under the so-called illustrative program the Administrator can do almost anything he wants to do in the way of Santa Claus operations or Operation Choo Choo or anything else. The House should fully understand that.

Mr. COOLEY. Does the gentleman mean to say that we are giving the $150 million to operate such programs as were operated by Stassen last Christmas, although there is not one word in the bill or in the report that would indicate that?

Mr. SMITH of Wisconsin. Yes; indeed so. I do not think that would be denied.

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Minnesota.

Mr. WIER. I do not know what the gentleman is talking about on this Santa Claus proposition, but I took a look myself in the report to find if there was any item in there that allowed the Administrator, Mr. Stassen, to provide a worldwide tour for all of his political henchmen.

Mr. COOLEY. That was part of Operation Reindeer. I had the General Accounting Office investigate the matter, and I was advised that because no definite limitations were imposed and because language in the bill was broad and all embracing it could not be held that the use of Federal funds for Operation Reindeer was illegal.

Certainly the committee should be willing to place restrictions and limitations upon the use of this particular fund to the end that neither the President, Mr. Stassen, nor anyone else could again play Santa Clause to people around the world. Apparently when the administration decided to play Santa Claus in 21 nations and to deliver individual Christmas gifts, at the same time it was decided to keep the matter entirely secret. Even the letter written by the President to the chairman of the House Committee on Foreign Affairs was marked secret and classified. Such reports should not be secret or classified. Members of Congress should be advised fully concerning the use of all funds but under no circumstances should the great man from Minnesota be permitted to play Santa Claus and to finance his projects with Federal tax funds, and under no circumstances should he be permitted to send his political pals around the world at Government expense to check on the delivery of his Christmas gifts.

The Clerk read as follows:

SEC. 202. Administration: Except as necessary to accomplish the purposes of section 201, programs of assistance authorized by that section shall be administered in accordance with sections 301, 302, and 307.

TITLE III—TECHNICAL COOPERATION

SEC. 301. General authority and definition: It is the purpose of this title to assist the efforts of the peoples of economically underdeveloped areas to achieve economic progress by authorizing measures designed to increase technical knowledge and skills and the flow of investment capital. The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

Mr. CARNAHAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have given considerable thought to developing methods which will make the technical cooperation program more effective.

One of the underlying characteristics of these programs is the limited number of technicians available and the unlimited number of individuals who need or want technical skills. The problem is how a few people can impart knowledge to a large group in underdeveloped countries.

The countries in which FOA operates technical assistance programs also have military establishments which, for the most part, are composed of conscripts serving for a limited time, usually 1 to 2 years. They constitute a captive audience whose military training can be supplemented by technical training. The content of the training will undoubtedly vary widely from country to country and even within a country. It may include reading and writing, elementary hygiene, simple agricultural techniques, basic mechanics and a variety of other basic skills adaptable to the needs of the country and its people.

No American military personnel would be involved in this program. American civilian personnel would only be indirectly involved. Their role would be confined to (a) assistance in laying out a series of courses and (b) training groups of local peoples to do the actual teaching.

Following are some of the more obvious advantages of this method:

First. The training would reach more people than the present method of operation which is limited to relatively few centers.

Second. The programs would be geared to the needs and capacity of the country instead of stimulating needs that cannot readily be satisfied.

Third. Conscripts returning to their villages would be able to put their training to immediate use.

Fourth. By offering constructive skills capable of application after military service it would create a greater sense of satisfaction with military service and should develop a larger measure of loyalty to the government.

Fifth. The economy of the country would move forward at a more uniform, even though slower, rate.

Sixth. The training would build upon the existing economic structure and provide the basic skills that a country must have for its progressive development.

Seventh. The limited role of American personnel, located generally in a few of the larger cities, should make possible the recruitment of individuals who may

presently not choose such work because it involves living in isolated villages.

Eighth. No costly supply and equipment component would be necessary.

Ninth. By careful preparation of materials it would be possible to impart values and ideas that the United States would want to impart to peoples but presently cannot do.

Mr. HOWELL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have been disturbed by the increasing trend which seems to be evident to make the point 4 program—the program of technical cooperation and assistance for backward or underdeveloped areas—so directly a part of our military planning that we lose sight of what President Truman had in mind when he first broached this idea in his 1949 inaugural address.

As he enunciated it that cold and gray January day out here in front of the rotunda of the Capitol, it was to be a bold new program for leading a worldwide fight against the seedbeds in which communism develops and grows. It caught the imagination of the whole free world, and led to the establishment of similar programs on a small scale by the United Nations and by the Organization of American States.

The point about point 4—and the point which is often lost sight of when we get into a discussion in the Congress of authorizations and appropriations and budgets and deficits—is that point 4 is most effective in keeping communism from gaining a foothold in the underdeveloped areas the further it is removed from straight-out military considerations.

In other words, point 4 was based in its original concept not on military considerations but on humane considerations, on rightness and decency, not strength of arms or the exigencies of military strategy.

We have this whole vast complex of other programs available to us for carrying out military objectives, and many of them are important parts of this now before us, the Mutual Security Act of 1954. They have as their purpose the defense of specific geographical areas from a potential or actual Communist attack. Hard-headed military considerations should properly dominate our decisions on these programs. They are intended to build armed strength.

But point 4 should never be relegated to a subordinate role in that strategy. To do so would be to throw away one of its strongest qualities—the appeal it makes to people who are directly helped by point 4, not as pawns in a military chess game but as human beings with very definite human needs and with little opportunity to enjoy a full and rewarding life.

True, point 4 must be limited in scope by what we can afford to do. We cannot, of course, appropriate the funds here in this or any other fiscal year which will enable the peoples of all the backward areas overnight to transform their lands into flourishing Edens. But we have made a start—a spectacular start—under this 4-year-old program of point 4, and we should have no hesitancy about continuing it and expanding it wherever possible. It is no handout program. It is not billions in economic aid, but only a few millions in a cooperative program which encourages these nations to develop their own resources largely with their own funds.

Much has been made in the Congress of the extensions of aid under this program to countries like India—neutralist countries. We are told we have no guaranty that India would take its stand with us in a showdown between the free and Communist world; no indication at all that she would fight on our side. And of course that is true. India is deliberately neutralist—to an extent which sometimes infuriates us and which also puzzles us.

But just taking India as an example: Here is a sprawling area of the world where democracy is brandnew and on trial for its life. Communism sees in India exactly the kind of economic and social conditions which it believes makes natural spawning waters for communism.

While we have every reason to be puzzled by Nehru's seeming inability to recognize the danger of Communist aggression against his country, we cannot for a moment doubt that all India recognizes the terrible danger of communism taking over India from inside.

But if we can help India to raise living standards, by use of better methods of tilling the soil and of producing the needs of the people, this danger will recede.

The same is true in other underdeveloped areas—particularly Latin America. The average lifespan in Latin America is only 43 years, compared to our average of 68. The rate of illiteracy is about 48 percent, as compared to 3 percent in the United States. The average diet is 2,304 calories a day as compared to our 3,130. There is vast land area there for a population just about the same size as ours. And yet, with all the riches of mineral and other wealth there, there is much human misery.

This is at our back door. We have seen how communism has gotten a very big foot in the door in Guatemala. We can perhaps ascribe some of that success to communism's cleverness, ruthlessness, skill at conspiratorial subversion, and so on. But the fact remains that with a large part of the population destitute, the Communists did not have to look too hard to find inviting avenues of approach.

I said a few minutes ago that I was disturbed by the increasing trend in the point 4 program as now constituted toward linking it up with military objectives. My own view is that if we go into the countries which are really underdeveloped and where human suffering is acute because of lack of skill and know-how and the need for special assistance, and do a good job there under point 4 without necessarily tying it to military objectives, our military position in the long run will improve considerably.

Freedom means so much to us here in the United States in concrete terms of human advancement, as well as in spiritual values, that we tend sometimes to think that all peoples equate freedom in much the same way we do. But in areas where large portions of the population verge on starvation, and go without even the most elementary comforts of life, the Communists can and do make much capital out of defining freedom as freedom to starve. That is what we must fight, and we must fight it every bit as hard as we fight against Communist military adventures.

In this connection, Mr. Chairman, I share the concern expressed by all of the Democrats and a majority of the Republicans on the Foreign Affairs Committee in their report on this bill when they stated that in the present administrative setup, technical cooperation "tends to be a stepchild."

As the committee points out:

> There is no one individual responsible solely for guiding and focusing attention upon technical cooperation. It is now part of an agency that has other responsibilities involving more costly operations.

After noting this stepchild relationship, the committee report adds:

> Of all the parts of the program encompassed in this bill, this is the one that has the longest-range possibilities. Nowhere in the present administrative organization is the technical cooperation program brought into focus as a program. It is handled only on an area basis. The committee believes that what is needed is a single individual to concern himself with the total program and who will give it the stature and emphasis it merits as part of our foreign policy. Such an individual should be directly under the officer to whom the President entrusts the administration of the nonmilitary functions authorized in this bill.

To that, Mr. Chairman, I subscribe wholeheartedly. I would further say in conclusion that what we need on the whole point 4 program is more of the boldness and imagination and all-out enthusiasm which characterized the original establishment of the program as one of President Truman's greatest contributions to world freedom.

The Clerk read as follows:

> SEC. 302. Prerequisites to assistance: Assistance shall be made available under section 301 of this act only where the President determines that the nation being assisted—
>
> (a) pays a fair share of the cost of the program.
>
> (b) provides all necessary information concerning such program and gives the program full publicity;
>
> (c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;
>
> (d) endeavors to make effective use of the results of the program; and
>
> (e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.
>
> SEC. 303. Authorization: There is hereby authorized to be appropriated to the President for the fiscal year 1955 $112,070,000 for technical cooperation programs in the Near East, Africa, South Asia, Far East and Pacific, and Latin America. In addition, unexpended balances of appropriations heretofore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.
>
> SEC. 304. Limitation on use of funds: Funds made available under section 303 may be expended to furnish assistance in the

form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 305. Multilateral technical cooperation: As one means of accomplishing the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 303, not to exceed—

(a) $17,958,000 for making contributions to the United Nations Expanded Program of Technical Assistance;

(b) $1,500,000 for making contributions to the technical cooperation program of the Organization of American States.

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 25, line 8, strike out "$112,070,000" and insert "$100,000,000."

Mr. SMITH of Wisconsin. Mr. Chairman, I shall not press for my amendment at this time. However, I do want to make the record clear as far as this technical assistance program is concerned. We have strayed far from it. I say that because the administrators of the program have wandered far afield from the original concepts. One page 47 of the committee report, there is this language:

The first Administrator of the Technical Cooperation Administration, the late Dr. Henry G. Bennett, viewed the program this way:

"The idea is to send in a minimum number of people, with tools and limited amounts of supplies, so they may show the people by doing, and guide and instruct their doing * * *. It is believed that the benefits of the pilot projects, and projects which the Governments themselves have been stimulated to undertake in the next year or two, will result in improved earnings of the Governments so that, to a maximum extent, the large-scale projects may be financed from loans, either public or private. * * *

"The truth is that the whole program is in the main a training program. The big need in every underdeveloped area is for a reliable, trained, local leadership, and consequently we are seeking as best we can to encourage this type of training."

Now I submit, Mr. Chairman, that the purchasing of $20 million worth of railroad equipment, the establishment of school systems, the development of power projects and the development of reclamation projects are far removed from this concept expressed by Dr. Bennett and believed in by members of this committee. I hope that in some way the administrator of this program will heed the wishes of Congress in this matter.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. JUDD. I associate myself entirely with the remarks of the gentleman. As he knows, we fought this for several years before we could get them back on the beam of tending to technical assistance and technical cooperation instead of a commodity program. However, I do not associate myself with the amendment offered by the gentleman. I think the full amount ought to be left. It would be too bad to have the only item in the bill that is cut substantially be the item for technical assistance. I think those who are operating this program ought to plan to keep this program for at least 4 years at just about this level and really make a go of it in terms of training and not to expand it into an empire supplying commodities.

Mr. SMITH of Wisconsin. I thank the gentleman.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Illinois.

Mr. CHIPERFIELD. I want to say that I agree with the remarks just made.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. RICHARDS. I wish to ask the gentleman if he does not think the provisions of section 304 would cure the objection the gentleman has just raised in regard to former programs.

Mr. SMITH of Wisconsin. I hope so, but I have some doubt about it.

Mr. RICHARDS. It provides:

Funds made available under section 303 may be expended to furnish assistance in the form of equipment or commodities only where necesessary for instruction or demonstration purposes.

Mr. SMITH of Wisconsin. It may do the trick, but I am not sure.

Mr. JACKSON of California. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. JACKSON of California. I certainly would like to associate myself with the statement made by the gentleman, not to the point of agreeing to his amendment, but to the general statement that has been made.

The gentleman perhaps knows that through September, October, and November of last year the Inter-American Subcommittee of the House Committee on Foreign Affairs made a prolonged investigation in Latin America for the purpose of looking into the economic-assistance program. There is a great deal of validity in what the gentleman has said, and I certainly think that in the field of capital expenditures there is an acute and a great necessity for tightening up the operation.

Mr. SMITH of Wisconsin. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. SMITH of Wisconsin. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read as follows:

SEC. 306. Advances and grants; contracts: The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, run for not to exceed 3 years.

SEC. 307. International Development Advisory Board: There shall be an advisory board, referred to in this section as the "Board", which shall advise and consult with the President, or such other officer as he may designate to administer this title, with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 414 (b). The Board shall consist of not more than 13 members appointed by the President, 1 of whom, by and with the advice and consent of the Senate, shall be appointed by him as Chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the Chairman shall be an officer or an employees of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the Chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of $50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the Chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed $10 per diem in lieu of subsistence and other expenses.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had intended to offer a motion to strike out this section, 307, providing for the creation of another board. In 1952, when I campaigned for office, I told my people I was opposed to the creation of more boards, bureaus, and commissions in Washington.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Minnesota.

Mr. JUDD. This section does not create a board. The board is already in existence. The whole piece of legislation repeals some 13 bills, and we got rid of one board that was to advise on the overall program. But we kept this board for the reason that the gentleman from Wisconsin [Mr. SMITH] just stated: The technical cooperation program is still going through a shakedown period and we need the advice of wise people to help find ways to do the job in the best ways possible.

Mr. GROSS. I do not want the gentleman to take all my time. I will say to the gentleman that if he has abolished 1 board but 1 board still remains, that that is 1 board too many.

Mr. JUDD. We think this board can be very useful.

Mr. GROSS. I suspect that the members of this board will not be operating here in Washington; I imagine they will be out of the country most of the time at the expense of the American taxpayers. But I am not going to offer the amendment, because there seems to be all too little concern for economy here

today. I do, however, want to get some information. What does the committee mean in section 308 where a joint commission on rural reconstruction in China is provided? It reads:

The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China.

Is that to reconstruct agriculture in Red China?

Mr. JUDD. No; it is not operating in Red China. The section authorizes continuation of the JCRR organization that was set up in the ECA Act of 1948, and it has been the single most successful agency operating in this field that we have had around the world. It was set up on the basis of three ideas, all indicated in its title. First, it is a joint organization; the Commission has 3 Chinese and 2 Americans operating it together. We work with, not for or over or under, Chinese. The second idea is rural. The people in Asian countries are predominantly rural. Instead of trying at the outset to make them into an industrial society, like we have here, the Commission tries to help them where they are. Third, reconstruction. The objective is not to try to reform them or make them over in our image, but to help them reconstruct their own rural society. Once they have attained stability in a familiar pattern, they will go on to carry out their own reforms and improvements. That was the theory. I have a certain fondness for it because it was my own "baby," and I am proud of the fact that it has worked so successfully.

Mr. GROSS. The gentleman cannot sell it to me simply because he is fond of it. Where is this Commission?

Mr. JUDD. On the island of Formosa. It began on the China mainland, but it did not get started until the last few months before China fell. Even so, the areas where this organization had been operating only a short time were the areas where there was the strongest and most vigorous resistance against the Communists. We hope FOA will follow the same pattern more and more all through the point 4 program, because it has proven its worth.

Mr. GROSS. I appreciate the explanation of the gentleman. It is another Commission I did not know was in existence.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I rise at this time to state that I shall vote for the pending measure. It is important, it seems to me, in saving life and limb, although I do not know how important it is in the prevention of the spread of communism. I hope it is very important. Last night I visited a service hospital with badly injured men. The hospital was full. The picture of the courage of our battle casualties is with me now.

In the last amendment there was something about the reconstruction of certain things. I deplore with all the strength in my being the fact that we have not secured passage of veterans' legislation for the reconstruction of our veterans—that is needed insofar as the United States is concerned more than any other legislation—as a matter of common justice and appreciation.

I do not know what I can say when I am asked what the Congress has passed in the way of veterans' legislation except the truth—I feel so profoundly grateful to them. I have to admit that some cuts were made in the amount of money appropriated for hospitalization; I have to say that there have been cuts in money appropriated for regional offices, so much so that 1,000 persons, practically all of them veterans, in the Veterans' Administration will lose their jobs.

I have heard vaguely and I have received some half promises, Mr. Chairman, that rules would be reported on some of our legislation passed by the Committee on Veterans' Affairs. I earnestly hope so and I hope that legislation passes the House before it is too late to go to the Senate for final passage. I for one cannot possibly go back home or go about the country and talk to our veterans and say that we passed a great deal of social security legislation and pensions for civilians, public health, welfare and education; we have passed a great deal of foreign aid legislation; we have passed aid for the farmers, increases for the postal workers, and increases for other Government workers; yet we have done nothing but cut the appropriations for our veterans—the veterans, the people of America to whom we owe the greatest debt. Without our veterans—from our earliest—we would have had no free America. We must legislate on them before it is too late. Have we become so callous, so cruel, we do not care any more?

The Clerk read as follows:

SEC. 308. Joint Commission on Rural Reconstruction in China: The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and printed in the RECORD at this point and open to amendment at any point from this point on.

Mr. RAYBURN. Mr. Chairman, reserving the right to object, will the gentleman agree, then, that the Committee do rise now? The gentleman from Mississippi is going to object to this request unless the Committee is going to rise now and take this bill up in the morning.

Mr. HALLECK. That was not my understanding about it.

Mr. RAYBURN. That is my understanding, because I just talked to the gentleman from Mississippi.

Mr. HALLECK. Then, I withdraw my request.

The Clerk read as follows:

TITLE IV—OTHER PROGRAMS

SEC. 401. Special fund: Of the funds made available under this act, not to exceed $150 million may be expended, without regard to the requirements of this act or any other act for which funds are authorized by this act, in furtherance of any of the purposes of such acts, when the President determines that such use is important to the security of the United States. Not to exceed $100 million of the funds available under this section may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany and Austria, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President of amounts expended under this section up to a total of $50 million, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than $20 million of the funds available under this section may be allocated to any one nation.

SEC. 402. Earmarking of funds: (a) Of the funds made available pursuant to this act, not less than $500 million shall be used to finance the purchase of surplus agricultural commodities or products thereof, produced in the United States, pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954.

(b) The authority for this section shall not be in addition to the authorization provided for title I of the Agricultural Trade Development and Assistance Act of 1954.

Mr. JUDD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD:

On page 29, line 15, strike out all on lines 15 through 23 and insert in lieu thereof the following:

"SEC. 402. Earmarking of funds: Of the funds made available pursuant to this act, not less than $500 million shall be used to finance the purchase and export of surplus agricultural commodities or products thereof produced in the United States and foreign currency proceeds therefrom shall be used for the purposes of this act pursuant to section 104 of the Agricultural Trade and Development Act of 1954."

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Mr. Chairman, I make the point of order that this is an appropriation on a bill that is not authorized by law.

Mr. JUDD. Mr. Chairman, I ask unanimous consent to amend my amendment so that it will read "Of the funds authorized to be made available."

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Amendment offered by Mr. JUDD:

Page 29, line 15, strike out all on lines 15 through 23 and insert in lieu thereof the following:

"SEC. 402. Earmarking of funds: Of the funds authorized to be made available pursuant to this act, not less than $500 million shall be used to finance the purchase and export of surplus agricultural commodities or products thereof produced in the United States and foreign currency proceeds therefrom shall be used for the purposes of this

act pursuant to section 104 of the Agricultural Trade and Development Act of 1954."

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Mr. Chairman, I make the same point of order that it involves an appropriation of funds, and I call attention to the fact that the language says that these funds that are realized from the sale of these products can be used for a particular purpose. That makes an appropriation out of it.

The CHAIRMAN. Does the gentleman from Minnesota desire to be heard?

Mr. JUDD. Yes, Mr. Chairman.

This is not an appropriation. The total bill authorizes the appropriation of about $3.4 billion. This section is a limitation or earmarking of funds that may be appropriated under the authorization. It says that of the $3.4 billion, if and when it is appropriated, not less than $500 million shall be used for a given purpose. This is language that is almost word for word the same as section 550 of the act last year, except the act last year said not less than $100 million and not to exceed $250 million should be used for this purpose of purchasing surplus agricultural commodities to be used as aid instead of dollars.

This section amounts to a cut of $500 million in the appropriation to be made for foreign aid under the bill. We have these commodities on hand. They have already been paid for. Other countries need them but do not have dollars with which to buy them. Under this amendment instead of $500 million being sent abroad, it will go to the CCC or into the market place to buy agricultural commodities that we already have in surplus. We will use them for aid in lieu of money. Actually, it amounts to a saving of $500 million in new money under the bill because if we do not adopt this section, we will have to authorize and appropriate that amount to maintain the Commodity Credit Corporation's capital stock and purchasing power, while the commodities rot out in the granaries.

This is an allocation of funds authorized to be appropriated under this bill and it will allow Members to say truthfully that they have reduced the amount of new money for foreign aid by $500 million.

There was an understanding at the time the original agricultural trade and development bill was sent to the Committee on Agriculture that we would earmark $500 million of the money for foreign aid, so-called, to be used to buy surplus commodities in our country.

Mr. COOLEY. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The gentleman may be heard on the point of order.

Mr. COOLEY. I should like to say this, that the gentleman's amendment and the section in the bill both refer to the Agricultural Trade, Development, and Assistance Act of 1954. There is not any such act. The conference report will probably come before the House tomorrow, and I assume it will be approved, but it has not yet been adopted. I do not object to $500 million of this money being used to purchase agricultural commodities to be shipped abroad. But the gentleman goes a little further than that and undertakes to make use of the local currency which will be received by our Government in exchange for the commodities to be purchased with dollars. The amendment certainly should be perfected to authorize the sale of the commodities when once acquired for foreign currencies.

Mr. JUDD. We considered that objection and our lawyers all said that when we say, "to finance the purchase and export of surplus agricultural commodities—and foreign currency proceeds therefrom shall be used for the purposes of this act pursuant to section 104 of the Agricultural Trade and Development Act of 1954," that language authorizes their sale for foreign currencies.

Mr. COOLEY. I do not agree that it does authorize the sale. I still think we have to authorize the sale of the commodities for the local currencies. There is one other question. Does this add $500 million to the $700 million that we are authorizing in this Surplus Disposal Act of 1954?

Mr. JUDD. Yes. This $500 million is outside of the $700 million of the other Act.

Mr. Chairman, it seems to me that this is clearly in order, in that it deals with an earmarking of funds authorized to be appropriated.

The CHAIRMAN. The Chair is prepared to rule.

On a careful reading of the amendment as modified—and I wish to read the wording of it—"of the funds authorized to be made available pursuant to this act not less than," and so forth—it is the ruling of the Chair that this amendment should be interpreted to mean that unless the appropriation is first authorized, the amendment has no effect whatsoever and therefore the Chair overrules the point of order.

The question is on the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 403. Special assistance in joint control areas: The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility as a result of participation in joint-control arrangements where found by the President to be in the interest of the security of the United States. There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed $25 million to carry out this section.

SEC. 404. Responsibilities in Germany: Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account under the terms of article V of that agreement, and currency which has been or may be deposited in said account, and any portion of funds made available for assistance to the Federal Republic of Germany pursuant to section 403 of this act, may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany, including responsibilities arising under the supreme authority assumed by the United States on June 5, 1945, and under contractual arrangements with the Federal Republic of Germany. Expenditures may be made under authority of this section in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of programs under chapter 3 of title I, and without regard to any provision of law which the President determines must be disregarded in order to meet such responsibilities or objectives.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to make a suggestion as to what I think we might do, after consultation with committee members on our side and the minority members, and the Speaker and minority leader.

We have a number of Members who had a dinner engagement at 6:30. They are not completely out on that. However, we have other work to do, and, as I said, I would like to make this suggestion and follow it with a unanimous-consent request that if we could get the bill considered as read and then get unanimous consent that all debate on the bill and all amendments thereto close in 5 minutes, with that limitation we would have the Committee rise, and then tomorrow we will come in at 10 o'clock. We would have 20 minutes to conclude consideration of the bill and the amendments and have the voting. I understand there will be motion to recommit, on which probably there will be a record vote, which would take time, as would a vote on passage if such were had, which would run us very late tonight.

Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and be open to amendment at any point.

Mr. GROSS. Reserving the right to object, Mr. Chairman, that does not carry a limitation of time?

Mr. HALLECK. I expect to ask for that later.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The remainder of the bill is as follows:

SEC. 405. Movement of migrants and refugees: (a) For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated not to exceed $11,700,000 for contributions during the calendar year 1955 to the Intergovernmental Committee for European Migration, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee. In addition, the unexpended balance of the appropriation made pursuant to section 534 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section.

(b) Of the funds made available under this act, not more than $800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to

exceed $500,000 for contributions to the United Nations Refugee Emergency Fund.

SEC. 406. Children's welfare: There is hereby authorized to be appropriated not to exceed $13,500,000 for contributions during the fiscal year 1955 to the United Nations Children's Fund.

SEC. 407. Palestine refugees in the Near East: There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed $30 million, to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, the unexpended balance of the appropriation made for the Palestine refugee program in the Mutual Security Appropriation Act, 1954, is hereby authorized to be continued available for the purpose of this section through June 30, 1955: *Provided*, That whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of such unexpended balance through any other agency he may designate.

SEC. 408. North Atlantic Treaty Organization: (a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated for the fiscal year 1955 not to exceed $3,200,000 for payment by the United States of its share of the expenses of the Organization.

(b) The United States permanent representative to the North Atlantic Treaty Organization 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. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this act who are appointed as Foreign Service Reserve officers may serve for periods of more than 4 years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U. S. C. 922).

SEC. 409. Ocean freight charges: (a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations eligible for assistance under this act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed $4,400,000 to carry out the purposes of this section; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 535 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section.

(d) In addition, any funds made available under this act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any act for the disposal abroad of United States agricultural surpluses.

SEC. 410. Control act expenses: There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed $1,300,000 for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611). In addition, in accordance with section 303 of that act, funds made available for carrying out chapter 1 of title I of this act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

SEC. 411. Administrative expenses: (a) Whenever possible, the expenses of administration of this act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed $35,900,000 for all necessary administrative expenses incident to carrying out the provisions of this act other than chapter 1 of title I, including expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this act, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this act.

SEC. 412. Strategic materials: In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the President is authorized to initiate projects for, and assist in procuring and stimulating increased production of, materials in which deficiencies or potential deficiencies in supply exist in the United States or among nations receiving United States assistance. The unexpended balance of funds made available pursuant to section 514 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this section through June 30, 1955.

SEC. 413. Chinese and Korean students: Funds heretofore allocated to the Secretary of State pursuant to the last proviso of section 202 of the China Area Aid Act of 1950 (22 U. S. C. 1547) shall continue to be available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China and of Korea for studying or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purpose, or for research and related academic and technical activities in the United States, and such selected citizens of China who have been admitted for the purpose of study in the United States shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization pursuant to regulations promulgated by the Attorney General.

SEC. 414. Encouragement of free enterprise and private participation: (a) It is declared to be the policy of the United States to encourage the efforts of other free nations to incease the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward the economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this act, the President—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to nations participating in programs under this act; and

(3) may make, until June 30, 1957, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided*, That—

(A) such projects shall be approved by the President as furthering any of the purposes of this act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war, revolution or insurrection;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding 20 years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 percent per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 percent per annum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section;

(F) the President is authorized to issue guaranties up to a total of $200 million: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the

United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding. Any payments made to discharge liabilities under guaranties issued under this subsection shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which have been issued under authority of paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, when necessary to discharge liabilities under any such guaranty;

(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act;

(H) as used in this paragraph—

(i) the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

(ii) the term "investment" includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project; (2) the purchase of a share of ownership in any such project; (3) participation in royalties, earnings, or profits of any such project; and (4) the furnishing of capital-goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

SEC. 415. Emigration to U. S. S. R.: Funds made available pursuant to this act may be used to pay the expenses of travel of any resident in the United States to the Union of Soviet Socialist Republics for the purpose of establishing permanent residence there: *Provided*, That such resident shall not be readmitted to the United States.

SEC. 416. Munitions control: (a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section and, in addition, shall pay a registration fee which shall be prescribed by such regulations.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than $25,000 or imprisoned not more than 2 years, or both.

SEC. 417. Assistance to international organization: Whenever it will assist in achieving purposes declared in this act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

SEC. 418. Facilitation and encouragement of travel: The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administrative expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this act and travel by citizens of such countries to the United States.

TITLE V—MISCELLANEOUS PROVISIONS

CHAPTER 1. GENERAL PROVISIONS

SEC. 501. Transferability of funds: Whenever the President determines it to be necessary for the purposes of this act, not to exceed 10 percent of the funds made available pursuant to any provision of this act may be transferred to and consolidated with the funds made available pursuant to any other provision of this act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 10 percent of the amount made available for such provision pursuant to this act. Funds transferred under this section to furnish military assistance under chapter 1 of title I may be expended without regard to the area limits imposed by section 106 (c). Not less than 50 percent of any assistance furnished under paragraph (1), (2), or (3) of section 201 (a) with funds transferred under this section shall be furnished on terms of repayment in accordance with section 505.

SEC. 502. Use of foreign currency: (a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any of the purposes of this act, giving particular regard to the following purposes—

(1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this act;

(2) for purchase of goods or services in friendly nations;

(3) for loans, under applicable provisions of this act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, 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;

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries;

(6) for purchasing materials for United States stockpiles; and

(7) for financing international educational exchange activities under the programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b)).

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, for their local currency expenses: *Provided*, That any such committee of the Congress which uses local currency shall make a full accounting thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Rules and Administration of the Senate (if the committee using such currency is a committee of the Senate), showing the total amount of such currency so used in each country and the purposes for which it was expended.

SEC. 503. Termination of assistance: (a) If the President determines that the furnishing of assistance to any nation under any provision of this act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this act. If the President determines that any nation which is receiving assistance under chapter 1 of title I of this act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance.

(b) Assistance to any nation under any provision of this act may, unless sooner terminated by the President, be terminated by concurrent resolution.

(c) Funds made available under this act shall remain available for 12 months from the date of termination under this section for the necessary expenses of liquidating assistance programs.

SEC. 504. Small business: (a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under titles II, III, and IV, and chapters 2 and 3 of title I, of this act—

(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter 1 of title I, such information to be furnished as far in advance as possible.

SEC. 505. Loan assistance: (a) Not less than 10 percent of the amounts obligated from funds appropriated pursuant to titles I and II (excluding funds previously appropriated and continued available pursuant to such titles) shall be obligated for furnishing assistance on terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes).

(b) Funds for the purpose of furnishing assistance on terms of repayment shall be allocated to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining

whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to time by Congress. Amounts received in repayment of principal and interest on any credits made under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 506. Patents and technical information: (a) As used in this section—

(1) the term "invention" means an invention or discovery covered by a patent issued by the United States; and

(2) the term "information" means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees.

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the district court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than 6 years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the 6 years, unless suit is brought before the last-mentioned date.

SEC. 507. Availability of funds: Except as otherwise provided in sections 104, 105, 405, and 413, funds shall be available to carry out the provisions of this act—other than sections 416 and 418—as authorized and appropriated to the President each fiscal year.

SEC. 508. Limitation on funds for propaganda: None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual-security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

SEC. 509. Purchase of commodities: No funds made available under title II or chapter 3 of title I of this act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title II or chapter 3 of title I of this act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this act.

SEC. 510. Retention and return of equipment: (a) No equipment or materials may be transferred under title I out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials under chapter 1 of title I (other than equipment or materials sold under the provisions of sec. 107) for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

SEC. 511. Penal provision: Whoever offers or gives to anyone who is or in the preceding 2 years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this act in connection with which procurement said officer, employee, former officer, or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding 2 years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this act in connection with which procurement said officer, employee, former officer, or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine of not to exceed $10,000 or imprisonment for not to exceed 3 years, or both: *Provided,* That this section shall not apply to persons appointed pursuant to sections 307 or 530 (a) of this act.

SEC. 512. Notice to legislative committees: When any transfer is made under section 106 (d) or section 501, or any other action is taken under this act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this act, or which will result in expenditures greater by 50 percent or more than the proposed expenditures included in such presentation for the program or project concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives and, when military assistance is involved, the Committees on Armed Services of the Senate and House of Representatives, stating the justification for such change. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives of any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with such committees.

CHAPTER 2. ORGANIZATION AND ADMINISTRATION

SEC. 521. Delegation of authority by the President: The President may exercise any power or authority conferred on him by this act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

SEC. 522. Allocation and reimbursement among agencies: (a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed by the procedures of subsection (c) of this section.

(b) Any officer of the United States performing functions under this act may utilize the services and facilities of, or procure commodities from, any United States Govern-

ment agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter 1 of title I of this act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this act other than chapter 1 of title I, reimbursement or payment shall be made to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(e) In furnishing assistance under this act accounts may be established on the books of any United States Government agency or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

SEC. 523. Coordination with foreign policy: (a) Nothing contained in this act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

SEC. 524. The Secretary of Defense: (a) In the case of aid under chapter 1 of title I of this act, the Secretary of Defense shall have primary responsibility for—

(1) the determination of military end-item requirements:

(2) the procurement of military equipment in a manner which permits its integration with service programs;

(3) the supervision of end-item use by the recipient countries;

(4) the supervision of the training of foreign military personnel;

(5) the movement and delivery of military end items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.

SEC. 525. Foreign Operations Administration: Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the "Director") shall continue to perform the functions vested in him on the effective date of this act, except insofar as such functions relate to continuous supervision and general direction of programs of military assistance. The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto.

SEC. 526. Missions and staffs abroad: The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this act. Each such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U. S. C. 801), or (2) compensation and allowances in accordance with section 527 (c) of this act, as the President shall determine to be appropriate.

SEC. 527. Employment of personnel: (a) Any United States Government agency performing functions under this act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this act.

(b) Of the personnel employed in the United States on programs authorized by this act, not to exceed 60 may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed 35 may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed 15 may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of $15,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) For the purpose of performing functions under this act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this act, contained in the Foreign Service Act of 1946, as amended (22 U. S. C. 801), as the President deems necessary to carry out functions under this act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that act.

(d) For the purpose of performing functions under this act outside the continental limits of the United States, the Secretary of State may, at the request of the Director, appoint for the duration of operations under this act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

SEC. 528. Detail of personnel to foreign governments: (a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this act.

SEC. 529. Detail of personnel to international organizations: (a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to

those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U. S. C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

(c) Details or assignments may be made under this section—

(1) without reimbursement to the United States by the international organization;

(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this act, any unexpended balance of such account to be returned to the international organization; or

(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

SEC. 530. Experts and consultants or organizations thereof: (a) Experts and consultants or organizations thereof, as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance of functions under this act, and individuals so employed may be compensated at rates not in excess of $75 per diem, and while away from their homes or regular place of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed $10 while so employed within the continental limits of the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign areas) while so employed outside the continental limits of the United States.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2160), and regulations issued thereunder.

SEC. 531. Security clearance: No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director under this act for a period to exceed 3 months unless—

(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this act who has been previously investigated in connection with such employment.

SEC. 532. Evemption of personnel from certain Federal laws: (a) Service of an individual as a member of the Board established pursuant to section 307 of this act or as an expert or consultant under section 530 (a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U. S. C., sections 281, 283 or 284, or of section 190 of the Revised Statutes (5 U. S. C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(b) Notwithstanding section 2 of the act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. Waivers of certain Federal laws: Whenever the President determines it to be in furtherance of purposes declared in this act, the functions authorized under this act may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

SEC. 534. Reports: The President, from time to time while funds appropriated for the purpose of this act continue to be available for obligation, shall transmit to the Congress reports covering each 6 months of operations, in furtherance of the purposes of this act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504 and 414 (b) of this act.

SEC. 535. Cooperation with international organizations: (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this act to any country or the amount thereof.

(b) Whenever the President determines it to be in furtherance of the purposes of this act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, on an advance of funds or reimbursement basis, to such organizations. Such advances or reimbursements may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS

SEC. 541. Effective date: This act shall take effect on July 1, 1954.

SEC. 542. Statutes repealed: (a) There are hereby repealed—

(1) an act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;

(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

(3) the Foreign Aid Act of 1947;

(4) the Foreign Assistance Act of 1948, as amended; including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

(5) the Mutual Defense Assistance Act of 1949, as amended;

(6) the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

(7) the Far Eastern Economic Assistance Act of 1950, as amended;

(8) the Yugoslav Emergency Relief Assistance Act of 1950;

(9) the Mutual Security Act of 1951, as amended;

(10) the Mutual Security Act of 1952;

(11) the Mutual Security Act of 1953;

(12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U. S. C. 452);

(13) section 4 of the act of March 3, 1925 (50 Stat. 887; 50 U. S. C. 165); and

(14) section 968 of title 18, United States Code.

(b) References in other acts to the acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this act.

(c) The repeal of the acts listed in subsection (a) shall not be deemed to affect amendments contained in such acts to acts not named in subsection (a).

SEC. 543. Saving provisions:

(a) Except as may be expressly provided to the contrary in this act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this act, compliance with substantially similar conditions under acts named in section 542 shall be deemed to constitute compliance with the conditions established by this act.

(c) No person in the service or employment of the United States or otherwise performing functions under an act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this act, except that appointments made pursuant to section 110 (a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this act.

SEC. 544. Amendments to other laws: (a) Title X of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431), is amended by adding the following new section:

"Informational media guaranties

"SEC. 1011. The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 414 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: *Provided, however,* That the amount of such guaranties in any fiscal year shall be determined by the President but shall not exceed $10,000,000."

(b) Section 1 of Public Law 283, 81st Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, 80th Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed 5 years: *Provided,* That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further,* That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

SEC. 545. Definitions: For the purposes of this act—

(a) The term "commodity" includes any commodity, material, article, supply, or goods.

(b) The term "surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

(c) The terms "equipment" and "materials" shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter 1 of title I, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels.

(d) The term "mobilization reserve," as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(e) The term "excess," as used with respect to any equipment or materials, means the quantity of such equipment or materials, owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this act.

(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter 1 of title I, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency.

(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

SEC. 546. Construction: (a) If any provision of this act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the act and applicability of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946, as amended (42 U. S. C. 1801).

(c) Nothing in this act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto close in 20 minutes.

Mr. GROSS. I object, Mr. Chairman.

Mr. HALLECK. Mr. Chairman, I move that all debate on the bill and all amendments thereto close in 20 minutes.

The motion was agreed to.

Mr. VORYS. Mr. Chairman, I move that the Committe do now arise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BROWN of Ohio, Chairman of the Committee on the Whole House on the State of the Union, reported that this Committee, having had under consideration the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, had come to no resolution thereon.

SPECIAL ORDER GRANTED

Mr. JACKSON asked and was given permission to address the House for 30 minutes on Tuesday next, following the legislative program and any special orders heretofore entered.

COMMITTEE ON THE JUDICIARY

Mr. REED of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may meet tomorrow during general debate during the session of the House.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the 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. 9517) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1955, and for other purposes."

The message also announced that the Senate agrees to House amendments to Senate amendments Nos. 15 and 20 to the foregoing bill.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. TOLLEFSON. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries be permitted to sit during general debate during the session of the House tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

AGRICULTURAL ACT OF 1954

Mr. HALLECK, by direction of the Committee on Rules, reported the following privileged resolution (H. Res. 604, Rept. No. 2002), which was referred to the House Calendar and ordered to be printed.

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9680) 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, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without interventing motion except one motion to recommit.

NBC COMMENT PROGRAM

Mr. RIVERS. Mr. Speaker, under permission granted, I include the following from the NBC television program Comment, broadcast on Monday, June 28, 1954:

Mr. ROMNEY WHEELER. Right off the bat, let me say that I'm going to be controversial.

You can't tell the truth about the way the British feel and pull punches. You can't explain the fears and misgivings and suspicions that have grown up in London recently, without being blunt. And bluntness—in times like these—is bound to be controversial.

I've just come from London, and I can tell you that when Prime Minister Churchill and Mr. Eden took off for Washington, they not only carried the full confidence of the British people; they actually left as heroes. Heroes because they were standing up to the Americans, and telling them the facts of life.

To an American correspondent, living and working in London, as I do, this is an alarming situation. Because it means that the differences between Britain and America are really deep; and that misgivings and anxiety on both sides are just about as great as it's possible to have without an actual, irrevocable break between the English-speaking powers.

This is not just anti-Americanism. I live and work in Britain, and I find very little of that.

On the other hand, there's a very real concern about what America intends to do; a real fear that Britain and the British Commonwealth may be the tail on a very erratically handled kite that suddenly may wind up in a tree. We, here at home, may think that's absurd, but, nevertheless, it exists.

Before he left London, Anthony Eden told the House of Commons there would be some plain speaking in Washington. He was cheered by both sides of the house, regardless of party politics. And this is why:

No matter what government rules Britain—whether it's Churchill and the Conservatives, or Attlee and the Laborites—British foreign policy is based equally on two foundations:

First, Britain's responsibilities to the Commonwealth and the British Empire. And, second, the Anglo-American alliance.

The British have made it clear—many, many times—that in their view, the peace and security of the world depend on the Anglo-American alliance. And Sir Winston has made it equally clear that, if the chips are down, Britain inevitably would back the United States.

But—and it's a very big but—Britain is not just a small group of islands off the northwest coast of Europe. Britain is the heart of a Commonwealth extending right around the world; and by far the greatest number of those people are Asiatics. So Britain is going to think a long time before doing anything that would hurt or alienate the Commonwealth; exactly as our Government would consider carefully before hurting or alienatng Texas or California or the State of Washington.

Well, now, there is the heart of the problem:

On one hand, Churchill is determined to cooperate with the United States; to do everything possible to see that Britain and America present a united front to communism. On the other hand, he and the others who speak for Britain are not all sure what we're aiming at. I have been asked repeatedly in London: Exactly what is American foreign policy? Does America have a foreign policy, in the true sense of the word? Or is it a combination of what Mr. Dulles may say at his news conference this morning; what Senator KNOWLAND may say to reporters at lunch; what Admiral Radford may tell the Armed Services Committee this afternoon; and what Senator MCCARTHY may say at a public dinner tonight?

To the British—and they will tell you this quite frankly—it all adds up to a howling uncertainty.

That's hardly a helpful situation, between allies. But it doesn't end there. Entirely apart from this general feeling of insecurity, there is a lamentable absence of British confidence in our Secretary of State, John Foster Dulles.

This is not just a recent blowup. It goes back even before Mr. Dulles became Secretary of State.

I remember talking with Herbert Morrison, when he was British Foreign Secretary in the Attlee government. It was when we were negotiating the Japanese Peace Treaty. Morrison told me Dulles had given Britain a firm pledge that the United States would not influence Japan one way or the other about China; that it would be left to the Japanese, themselves, whether they recognized Chiang Kai-shek's Nationalist Government or the Communist government at Peiping.

Yet, almost immediately afterward, the Japanese Prime Minister made public the famous Dulles letter, in which Mr. Dulles put pressure on Japan to recognize Chiang Kai-shek.

Now, maybe it was entirely right and desirable for Japan to line up with Nationalist China, and to ignore the Chinese Reds. But the point is: The British felt keenly that Mr. Dulles went back on a solid promise; a promise without which the British Parliament would not have ratified the Japanese treaty, in the first place.

The British also feel that Mr. Dulles has been regrettably short on diplomacy; that he used a bullwhip on the French in trying to force ratification of the European Defense Community; and that he jumped the gun on a southeast Asia defense alliance, without being sure either of French support or the support of the Asian countries concerned.

The British argue, perhaps with a fair degree of logic, that it's absurd to think that Indochina could be saved—and held indefinitely—by white soldiers alone, even if Britain and America had the men available, and were prepared to have them fight in Indochina.

They agree that the Indians, the Burmese, and some of the other Asiatic peoples may be unrealistic about the threat of communism. But they believe that communism will be defeated in Asia only if the Asiatics, themselves, will defend their liberties. And they hope that what's happening in Indochina may be the shock that will jar India and the other Asiatic nations into action.

Mr. Dulles undoubtedly had a good point when he told Mr. Eden that the West would be in a much stronger position at Geneva if it went ahead right now and organized a southeast Asia defense treaty. On the other hand, Mr. Eden argued—perhaps with equal logic—that a defense organization, formed while fighting was going on, almost certainly would be called on to fight, too. And if the United States was not prepared to send ground forces into Indochina, we had better try to stop the war first, by negotiation, before getting involved in defense commitments.

That's what Mr. Churchill meant—over the weekend—when he said it was better to jaw-jaw with the Communists than to war-war.

One thing we must keep in mind. Winston Churchill and Anthony Eden have political problems in Britain quite as difficult as we have in America. They have an election coming, probably next year. And British public opinion is strongly on the side of using the big stick only as a last resort.

You may say that the British, particularly the Socialists, are starry-eyed and naive to believe you can do business with the Communists. But a lot of Britons do believe in the possibility of negotiation and compromise.

Mr. MAX FREEDMAN, Washington correspondent for the Manchester Guardian. Mr. Dulles has never been popular with the British press and there's a tendency today to blame him for the present mischief in Asia. That's dangerous folly; as silly and sinister as the attempts by some Members of Congress to degrade Mr. Eden into a creature of appeasement. The issues which divide the two Governments touch some of the most urgent principles of national policy. The real differences concern Asia. So let's concentrate on that point.

Let's begin by clearing away some misconceptions about Indochina. The American Government never seriously considered an air strike at Dien Bien Phu. It rejected this policy on its own responsibility. Britain exercised no veto. In fact London was never consulted. Nor did Great Britain stop America's general military involvement in Indochina. There were strong military reasons raised in Washington against such involvement, and France refused to give the native peoples immediate and unconditional independence. London had nothing to do with Washington's decision.

The only issue on which Great Britain exercised decisive influence was in the discussion of a collective security pact based on Mr. Dulles' principle of united action in Asia. On April 20 Mr. Eden told Mr. Dulles that England, at this stage, could take no part in these negotiations. The British Government gave two main reasons for this decision. The pact should include the five Colombo powers—India, Pakistan, Ceylon, Burma, Indonesia. The pact should not be proclaimed before the conference at Geneva had fully tested Communist intentions. Otherwise China might send troops into Indochina and there would be danger of world war.

Even today the British position is misunderstood. Mr. Eden still thinks the collective security pact should wait until there is some settlement in Indochina. How else will you know what frontiers are to be guaranteed by united action? The British Government also is convinced that no pact can succeed without the support of Indian and the other free nations of Asia. That is why Mr. Eden has proposed two pacts. One would be a mutual pact of non-aggression signed by China and the western powers. The other would be the Pacific equivalent of NATO and would protect the free world against Communist aggression in Asia. If China refused to cooperate she would be made to suffer the coercive power of the free world. It is a flexible but strong policy. It wins us the greatest number of allies in Asia. It will give us the support of the Colombo powers. These countries will not support Mr. Dulles' plan because it is directed against China and treats her as a potential and perpetual aggressor.

Many Americans believe that India is a troublesome critic. We believe that India is a priceless asset. We also feel that American policy would be much wiser if it listened more frequently to Mr. Nehru's advice instead of getting entangled with the ambitions of Chiang Kai-shek, Bao Dai, and Syngman Rhee. American policy in Asia has sometimes been on the wrong side; it has never been on the side of wrong.

In essence the British complaint about American policy is that the American people have dangerously misunderstood the meaning of the Chinese revolution. Many Americans accuse the State Department of having lost China—as if the State Department owned the title deeds to Chinese freedom and somehow misplaced them. With great respect British officials suggest to their American colleagues that what happened in China is due less to the attitudes of Washington than to the actions of the Chinese people. But this argument is obstinately resisted. China's destiny is treated in the United States not as the high concern of national policy but as the angry theme of political passion. It ceases to be a problem in creative diplomacy and becomes a problem in abnormal psychology. America believes China inevitably must resort to aggression. Britain thinks there is a chance China might like to concentrate on her internal problems. But China's cooperation is very hard to get while this country, as the leader of the free world, refuses to recognize Communist China, threatens to veto her membership in the United Nations, tries to strangle her trade, abuses her world opinion as a nation whose word cannot be trusted, refuses even to talk with China's leaders at the Geneva Conference, and parades the exiled inefficiencies of Chiang Kai-shek as the alternative to the Communist Government. The United States treats China as if she is an outlaw state. Is it really a matter for indignation and surprise if China sometimes behaves like an outlaw?

But we must not endanger the future by quarrelling over the past. Both London and Washington have made concessions. Otherwise the Churchill-Eden mission will prove a barren pilgrimage instead of an adventurous experiment for peace. The Foreign Office must pursue the right policy without being self-righteous; and the State Department must banish its old fear that it is making a bad bargain if it wins peace with China at the cost of war with Congress.

The partnership between England and America will endure. Despite present differences it will grow in freedom. It is the shield and sanctuary of all nations which cherish peace and seek to protect the threatened frontiers of human decency. It cannot fail.

This is Max Freedman.

LEGISLATIVE AND JUDICIARY APPROPRIATIONS, 1955 — CONFERENCE REPORT

Mr. BOW submitted a conference report and statement on the bill (H. R. 9203) making appropriations for the legislative branch and the judiciary branch for the fiscal year ending June 30, 1955.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1955—CONFERENCE REPORT

Mr. BUDGE submitted a conference report and statement on the bill (H. R. 9447) making appropriations for the Departments of Labor, and Health, Education, and Welfare for the fiscal year ending June 30, 1955.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, AND THE UNITED STATES INFORMATION AGENCY—CONFERENCE REPORT

Mr. CLEVENGER submitted a conference report and statement on the bill (H. R. 8067) making appropriations for the Department of State, Justice, and Commerce, and the United States Information Agency for the fiscal year ending June 30, 1955, and for other purposes.

HOUR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 10 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION FOR LEGISLATIVE COMMITTEES TO MEET DURING GENERAL DEBATE TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that on tomorrow legislative committees of the House may meet while the House is engaged in general debate.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

SPECIAL ORDER GRANTED

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that the special order I had for today may be transferred to tomorrow, following the legislative program of the day.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

GENERAL LEAVE TO EXTEND

Mr. VORYS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill, H. R. 9678.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

GEORGE JAPHET

Mr. JONAS of Illinois. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk, the bill (H. R. 2636) for the relief of George Japhet, with an amendment of the Senate thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 3, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

DAVID HANAN

Mr. JONAS of Illinois. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5436) for the relief of David Hanan, with an amendment of the Senate thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 2, lines 5 and 6, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. HOFFMAN of Michigan in two instances, in each to include extraneous matter.

Mr. GRAHAM.

Mr. SHEPPARD.

Mr. REED of New York and to include extraneous matter.

Mr. SMITH of Wisconsin to extend the remarks he made in the Committee of the Whole today and include extraneous matter.

Mr. COLE of New York (at the request of Mr. VORYS) to revise and extend his remarks made in Committee of the Whole and include extraneous matter.

Mr. RIVERS and to include additional matter to appear in the body of the RECORD, following the debate today.

Mr. KRUEGER (at the request of Mr. JENSEN).

Mr. BROOKS of Louisiana.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 6465. An act to amend paragraph 1530 of the Tariff Act of 1930 with respect to footwear;

H. R. 7709. An act to continue until the close of June 30, 1955, the suspension of certain import taxes on copper; and

H. R. 8680. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1955, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3318. An act to provide for a continuance of civil government for the Trust Territory of the Pacific Islands.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 3 minutes p. m.), under its previous order, the House adjourned until tomorrow, Wednesday, June 30, 1954, at 10 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1677. A letter from the Secretary of Commerce, transmitting a draft of legislation entitled "A bill to fix the fees payable to the Patent Office and for other purposes"; to the Committee on the Judiciary.

1678. A communication from the President of the United States, transmitting proposed supplemental appropriations in the amount of $1,035,000 and a draft of a proposed provision for the Department of Commerce for the fiscal year 1955 (H. Doc. No. 454); to the Committee on Appropriations and ordered to be printed.

1679. A communication from the President of the United States, transmitting proposed supplemental appropriations in the amount of $7,050,000 for the Department of the Interior for the fiscal year 1955 (H. Doc. No. 455); to the Committee on Appropriations and ordered to be printed.

1680. A communication from the President of the United States, transmitting proposed provisions pertaining to the fiscal year 1955 for the General Services Administration and the Treasury Department (H. Doc. No. 456); to the Committee on Appropriations and ordered to be printed.

1681. A letter from the chairman, Committee on Retirement Policy for Federal Personnel, Executive Office of the President, transmitting the fifth and final report of the Committee on Retirement Policy for Federal Personnel on Federal pension and retirement plans, pursuant to Public Law 555, 82d Congress, July 16, 1952; to the Committee on Post Office and Civil Service.

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. JACKSON: Committee on Foreign Affairs. S. Con. Res. 91. Concurrent resolution to express the sense of Congress on interference in Western Hemisphere affairs by the Soviet Communists; without amendment (Rept. No. 1946). Referred to the House Calendar.

Mr. HOPE: Committee of conference. S. 2475. An act to authorize the President to use agricultural commodities to improve the foreign relations of the United States, and for other purposes (Rept. No. 1947). Ordered to be printed.

Mr. GRAHAM: Committee on the Judiciary. S. 1303. An act to provide for the expeditious naturalization of former citizens of the United States who have lost United States citizenship by voting in a political election or plebiscite held in occupied Japan; with amendment (Rept. No. 1948). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 7517. A bill to enable the Legislature of the Territory of Hawaii to authorize the city and county of Honolulu, a municipal corporation, to issue public improvement bonds; with amendment (Rept. No. 1977). Referred to the House Calendar.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 7518. A bill to enable the Legislature of the Territory of Hawaii to authorize the city and county of Honolulu, a municipal corporation, to issue public improvement bonds; with amendment (Rept. No. 1978). Referred to the House Calendar.

Mr. McCULLOCH: Committee on the Judiciary. H. R. 9728. A bill to revise, codify, and enact into law, title 21 of the United States Code, entitled "Food, Drugs, and Comestics"; without amendment (Rept. No. 1979). Referred to the Committee of the Whole House on the State of the Union.

Mr. McCULLOCH: Committee on the Judiciary. H. R. 9729. A bill to revise, codify, and enact into law, title 13 of the United States Code, entitled "Census"; without amendment (Rept. No. 1980). Referred to the Committee of the Whole House on the State of the Union.

Mr. MEADER: Committee on the Judiciary. H. R. 9730. A bill to amend various statutes and certain titles of the United States Code, for the purpose of correcting obsolete references, and for other purposes; without amendment (Rept. No. 1981). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 8498. A bill authorizing construction of works to reestablish for the Palo Verde Irrigation District, California, a means of diversion of its irrigation water supply from the Colorado River, and for other purposes; with amendment (Rept. No. 1982). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOW: Committee of Conference. H. R. 9203. A bill making appropriations for the legislative branch and the judiciary branch for the fiscal year ending June 30, 1955, and for other purposes (Rept. No. 1997). Ordered to be printed.

Mr. BUDGE: Committee of Conference. H. R. 9447. A bill 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 (Rept. No. 1998). Ordered to be printed.

Mr. CLEVENGER: Committee of Conference. H. R. 8067. A bill making appropriations for the Departments of State, Justice, and Commerce, and the United States Information Agency, for the fiscal year ending June 30, 1955, and for other purposes (Rept. No. 2000). Ordered to be printed.

Mr. REED of New York: Committee on Ways and Means. H. R. 9709. A bill to extend and improve the unemployment compensation program; without amendment (Rept. No. 2001). Referred to the Committee of the Whole House on the State of the Union.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 604. Resolution for consideration of 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; without amendment (Rept. No. 2002). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar as follows:

Mr. GRAHAM: Committee on the Judiciary. S. 268. An act for the relief of Harold Trevor Colbourn; without amendment (Rept. No. 1949). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 381. An act for the relief of Donald Grant; without amendment (Rept. No. 1950). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 455. An act for the relief of Johan Gerhard Faber, Dagmar Anna Faber, Hilke Faber, and Frauke Faber; without amendment (Rept. No. 1951). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 490. An act for the relief of Josephine Reigl; without amendment (Rept. No. 1952). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 520. An act for the relief of Mr. and Mrs. Ivan S. Aylesworth; without amendment (Rept. No. 1953). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 2061. A bill for the relief of Regine du Planty; without amendment (Rept. No. 1954). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2500. A bill for the relief of Stanislaw Majzner (alias Stanley Maisner); with amendment (Rept. No. 1955). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2654. A bill for the relief of Sisters Linda Salerno, Luigiana C. Cairo, Antonietta Impieri, Anna Impieri, Rosina Scarlato, Iolanda Gaglianone, Maria Assunta Scaramuzzo, Francescaina Conterucci, and Filomena Lupinacci; with amendment (Rept. No. 1956). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 2879. A bill to stay deportation proceedings on Juan Onativia; with amendment (Rept. No. 1957). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 3001. A bill for the relief of Nicholas M. Papadopoulos; without amendment (Rept. No. 1958). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 3125. A bill for the relief of Alexander Hahn and Suzanne Hahn; without amendment (Rept. No. 1959). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 3238. A bill for the relief of Danica Maria Vavrova; with amendment (Rept. No. 1960). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 3444. A bill for the relief of Toki Yaeko; without amendment (Rept. No. 1961). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 3616. A bill for the relief of Nicoletta Di Donato; without amendment (Rept. No. 1962). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 3677. A bill for the relief of Sister Paolina (Angela Di Franco); without amendment (Rept. No. 1963). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 3855. A bill for the relief of Sister Agrippina (Agrippina Palermo), Sister Battistina (Franceschina Serpa), Sister Romana (Angela Iolanda Morelli), Sister Franceschina (Maria Caruso), and Sister Bruna (Giuseppina De Caro); without amendment (Rept. No. 1964). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 4092. A bill for the relief of Mira Tellini Napoleone; with amendment (Rept. No. 1965). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 4371. A bill for the relief of June Ann Sakurai; without amendment (Rept. No. 1966). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 5072. A bill for the relief of Carmen D'Ottavio, also known as Cameron D'Ottavio; with amendment (Rept. No. 1967). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 5077. A bill for the relief of Sophia Nassopoulos; without amendment (Rept. No. 1968). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 5443. A bill for the relief of Eva Lowinger; without amendment (Rept. No. 1969). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 5944. A bill for the relief of Alberto Ugo Landry; without amendment (Rept. No. 1970). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7088. A bill for the relief of Antonio Cazzato; with amendment (Rept. No. 1971). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7138. A bill for the relief of Rosa Marie Adelheid Herok; without amendment (Rept. No. 1972). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7411. A bill for the relief of Mrs. Esterlee Hutzler Weinhoeppel; with amendment (Rept. No. 1973). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7606. A bill for the relief of Michael Henry LaFleur; without amendment (Rept. No. 1974). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 7635. A bill for the relief of Martti Ilmari Timonen, Maj-Lis Timonen, and Marja Timonen; without amendment (Rept. No. 1975). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7945. A bill for the relief of Bart Blaak (formerly Johannes J. M. Gijsbers); without amendment (Rept. No. 1976). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 579. An act for the relief of Wong You Henn; without amendment (Rept. No. 1983). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 676. An act for the relief of Eftychios Mourginakis, without amendment (Rept. No. 1984). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 747. An act for the relief of Jacek Von Henneberg; without amendment (Rept. No. 1985). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 997. An act for the relief of Chuan Hua Lowe and his wife; without amendment (Rept. No. 1986). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1050. An act for the relief of Josephine Maria Riss Fang; without amendment (Rept. No. 1987). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1382. An act for the relief of Elie Joseph Hakim and family; without amendment (Rept. No. 1988). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1508. An act for the relief of Borivoje Vulich; without amendment (Rept. No. 1989). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1517. An act for the relief of Helen Knight Waters and Arnold Elzey Waters, Jr.; without amendment (Rept. No. 1990). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1689. An act for the relief of Mrs. Cacila Gotthardt Gange; without amendment (Rept. No. 1991). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1991. An act for the relief of Esperanza Jimenez Trejo; without amendment (Rept. No. 1992). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2198. An act for the relief of (Sister) Jane Stanislaus Riederer; without amendment (Rept. No. 1993). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2369. An act for the relief of Karl Ulistein; without amendment (Rept. No. 1994). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2465. An act for the relief of Lydia Wickenfeld Butz; without amendment (Rept. No. 1995). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 3196. An act for the relief of Dr. Helen Maria Roberts (Helen Maria Rebalska); without amendment (Rept. No. 1996). Referred to the Committee of the Whole House.

Mr. WOLCOTT: Committee on Banking and Currency. H. R. 8735. A bill authorizing the President to present a gold medal to Irving Berlin; with amendment (Rept. No. 1999). 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. McCULLOCH:

H. R. 9728. A bill to revise, codify, and enact into law, title 21 of the United States Code, entitled "Food, Drugs, and Cosmetics"; to the Committee on the Judiciary.

H. R. 9729. A bill to revise, codify, and enact into law, title 13 of the United States Code, entitled "Census"; to the Committee on the Judiciary.

By Mr. MEADER:

H. R. 9730. A bill to amend various statutes and certain titles of the United States Code, for the purpose of correcting obsolete references, and for other purposes; to the Committee on the Judiciary.

By Mr. GRAHAM:

H. R. 9731. 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; to the Committee on the Judiciary.

H. R. 9732. 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.

By Mr. BUDGE:

H. R. 9733. A bill relating to the inspection and certification of Irish potatoes; to the Committee on Agriculture.

By Mr. BARRETT:

H. R. 9734. A bill to permit the city of Philadelphia to further develop the Hog Island tract as an air, rail, and marine terminal by directing the Secretary of Commerce to release the city of Philadelphia from the fulfillment of certain conditions contained in the existing deed which restrict further development; to the Committee on Interstate and Foreign Commerce.

By Mr. BOGGS:

H. R. 9735. A bill to amend subsection 216 (c), part II, of the Interstate Commerce Act to require the establishment by motor carriers of reasonable through routes and joint rates, charges, and classifications; to the Committee on Interstate and Foreign Commerce.

By Mr. HOFFMAN of Michigan:

H. R. 9736. A bill to establish uniform weight allowance governing the transportation at Government expense of property of Government officers and employees (including members of the uniformed services), and for other purposes; to the Committee on Government Operations.

By Mr. TALLE:

H. R. 9737. A bill to amend the District of Columbia Credit Unions Act; to the Committee on the District of Columbia.

By Mr. TEAGUE:

H. R. 9738. A bill to direct the Secretary of Health, Education, and Welfare to make a full and complete investigation and study of the effect the education and training benefits furnished veterans under the Servicemen's Readjustment Act of 1944 have had; to the Committee on Veterans' Affairs.

By Mr. CONDON:

H. R. 9739. A bill to relieve certain veterans who relied on an erroneous interpretation of the law from liability to repay a portion of the subsistence allowances which they received under the Servicemen's Readjustment Act of 1944; to the Committee on the Judiciary.

By Mr. REED of Illinois:

H. R. 9740. A bill to provide for the relief of certain Army and Air Force nurses, and for other purposes; to the Committee on the Judiciary.

By Mr. SADLAK:

H. R. 9741. A bill to provide for replacement of certain strategic metals inventories liquidated during Korean war without affecting excess-profits credit; to the Committee on Ways and Means.

By Mr. SIMPSON of Pennsylvania:

H. R. 9742. A bill to amend section 3404 (relating to the imposition of excise tax on radio and television sets, phonographs and records) and related sections of the Internal Revenue Code; to the Committee on Ways and Means.

H. R. 9743. A bill to amend section 3444 (relating to use by manufacturers or importers of articles subject to excise tax) and

related sections of the Internal Revenue Code; to the Committee on Ways and Means.

H. R. 9744. A bill to amend section 3443 of the Internal Revenue Code; to the Committee on Ways and Means.

H. R. 9745. A bill to amend section 3443 (relating to credits and refunds of manufacturers' excise taxes) of the Internal Revenue Code; to the Committee on Ways and Means.

H. R. 9746. A bill to amend section 3441 of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. JAVITS:

H. Con. Res. 244. Concurrent resolution condemning uncivilized practice of kidnaping by East German Communist regime and its Soviet masters across international borders; to the Committee on Foreign Affairs.

By Mr. HAYS of Arkansas:

H. Con. Res. 245. Concurrent resolution condemning uncivilized practice of kidnaping by East German Communist regime and its Soviet masters across international borders; to the Committee on Foreign Affairs.

By Mrs. KELLY of New York:

H. Con. Res. 246. Concurrent resolution condemning uncivilized practice of kidnaping by East German Communist regime and its Soviet masters across international borders; to the Committee on Foreign Affairs.

By Mr. MORANO:

H. Con. Res. 247. Concurrent resolution condemning uncivilized practice of kidnaping by East German Communist regime and its Soviet masters across international borders; 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. BOGGS:

H. R. 9747. A bill for the relief of John (Janos) Frank; to the Committee on the Judiciary.

By Mr. BUDGE:

H. R. 9748. A bill for the relief of Ludwika Hedy Hancock nee Nikolajewicz; to the Committee on the Judiciary.

By Mr. MILLER of California:

H. R. 9749. A bill for the relief of Antonio (Orejel) Cardenas; to the Committee on the Judiciary.

By Mr. TAYLOR:

H. R. 9750. A bill for the relief of Thomas F. Luther et al.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1068. By Mr. GOODWIN: Petition of Mrs. Verna S. Haynes and 35 others of Medford, Mass., favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1069. Also, petition of Rev. A. Alton Dodge and 22 others of Medford, Mass., favoring the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1070. Also, petition of Florence M. Cook and 5 others of Medford, Mass., favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1071. By Mr. SHORT: Petition of Mrs. George J. C. Wilhelm and other citizens of Monett to Congress to pass laws prohibiting the advertising of alcoholic beverages through interstate commerce and over the air; to the Committee on Interstate and Foreign Commerce.

1072. Also, petition of Chauncey Hilty and other citizens of Cassville to outlaw the Communist Party; to the Committee on the Judiciary.

1073. Also, petition of R. C. Byers, and other citizens of Pierce City and community to outlaw the Communist Party; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Like Children

EXTENSION OF REMARKS

OF

HON. CLARE E. HOFFMAN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1954

Mr. HOFFMAN of Michigan. Mr. Speaker, for too long on foreign policy, we have followed the thinking and the advice of New York and other eastern seaboard cities which depend for their existence upon the charges they make for the services they render the people of the Midwest. The larger part of these charges are for services for handling foreign trade—goods shipped in and out through their ports and financial transactions with other countries.

The thinking of the people of the East is naturally international. Apparently, they give little consideration to the thought and the activities of the people of the Midwest. We in return, perhaps do not see clearly their viewpoint nor the reasons for it. Being closer to mother earth, realizing almost daily, that we live, prosper, and are happy because of what we dig out of the dirt, or, if you prefer, the soil, and manufacture, we cannot see their viewpoint which seems to be that not only our happiness and our prosperity but our national existence depend upon pleasing, gaining the approval and support of the people of other nations. In my opinion, the more than $119,301,997,500 which we have sent abroad as of today, has failed to bring either sincere friendship or wholehearted support of our present foreign policy. France, which has received $4,945,000,000, will not follow Dulles' recommendations.

Britain's representatives are here today expressing their determination that she will not back the policy of Dulles and the internationalists with military support. Churchill and Eden insist that we can, and must in some way, get along with Russia. Or we can fight alone.

Each and every one of the nations we have so generously aided, in support of whom so many hundreds of thousands of our men have suffered and thousands died, will today, as in the past, follow the course which to it seems for its own best interests.

It behooves us to remember that today, as always in the past, self-interest guides the activities of all other nations.

Imposing our views, our thoughts, our way of living, by war upon the communistic world is an impossible task.

Let us disregard the urging of our seaboard friends, of the profiteers, of the internationalists, of the sincere but mistaken dreamers, discontinue bleeding ourselves white, turn to a policy of efficiently and economically building our own national defense; think and act first to make our own country strong, self-reliant, prosperous, and secure.

A Personal Legislative Report to the People of North Dakota

EXTENSION OF REMARKS

OF

HON. OTTO KRUEGER

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1954

Mr. KRUEGER. Mr. Speaker, under leave to extend my remarks in the Appendix of the RECORD, I include the following:

OTTO KRUEGER IN WASHINGTON—SEPARATING THE WHEAT FROM THE CHAFF

WASHINGTON, D. C.—Last year I sent you a report on the activities of the 1st session of the 83d Congress. You were so kind to me in your praise of the report, I felt it advisable to report to you on the happenings as the 2d session nears a close.

Being a Member of Congress is not an easy job, but it is a very gratifying one if you enjoy helping people and I do. Many of the things I am about to discuss with you do not give you the help I think you are entitled to. It looks now that we can celebrate the Fourth of July with a package farm bill on its way that will handle some of the problems we are facing. Congressman HOPE tells me the bill will be out on the floor of the House this week. I have always followed the affairs of the Agriculture Committee, and, of course, have continued to do so very closely. The bill will definitely come out with a provision for the extension of 90 percent of parity for a year. You folks may also have a chance to consider the merits of a two-price system. Personally, I would like to see controls on the basis of bushels rather than acreage, with a minimum of redtape for the farmer to contend with, but I know the House Agriculture Committee has spent many months of long hours in the preparation of this bill. I have talked with many of the members of the committee personally, and I know they, in their hearts, are hoping the same thing I am, that the bill will pass. I think it will receive the approval of Congress. The one thing I can assure you is that the extension of high parity will receive the approval of OTTO KRUEGER.

Seriously, friends, can anyone justify huge imports in oats, barley, and rye and then ask the farmer not to plant any of these crops in his diverted acreage if he wants to qualify for price supports? I fought Canadian imports last year, and will continue to do so when it penalizes America's farmers. Nor do I feel justified in cutting millions at home to spend billions abroad. Some assistance to our allies is necessary to combat commu-

nism, promote peace, and help put their economy on an even keel, but not at the risk of wrecking our own.

One of the most important decisions made in the 83d Republican Congress was one that gave the American taxpayers some relief that they certainly deserved. I have not made a lot of promises or pledges for the purpose of getting votes. You all know I am not built that way. But in all humility, I must admit that I was proud when Congressman HALLECK, majority leader of the Congress, slapped me on the back, and said, "OTTO, I appreciate your help in giving the American taxpayers a reduction in their tax burden."

The 83d Congress has been interested in those programs that helped maintain a strong economy. In order to assure this strength being maintained and even strengthened, vocational agriculture funds and agriculture research funds have been increased. The school-lunch program, which you are all familiar with, has been continued and in the new farm bill will include some of our surplus dairy products. The REA and RTA programs are important to all of us. Here again my close association with the conferees makes it possible for me to assure you that ample funds will be given to proceed with improvements and necessary expansion.

I feel we should be strong defensively in order to protect our precious heritage of liberty and freedom, but I am opposed to war and shipping our boys overseas to fight in foreign wars. Over 30,000 servicemen lost their lives in the rice paddies of Korea. I saw actual combat, but the war I fought in was declared by Congress. That's why I was so pleased to hear the President state that if war was declared, Congress would declare it. Many a mother in this country doesn't even have a grave to drop her tears on. If the issue of sending our boys to Indochina comes before the Congress, OTTO KRUEGER will raise his voice in a loud and resounding "No." Veterans do not make wars. But those who are injured suffer the consequences. Those of us who fought and but for the grace of God might have been wounded can appreciate the moral obligation our great country has to every veteran with a service-connected disability. For this reason, I have insisted that every veteran who had service-connected disabilities be provided with a hospital bed and excellent medical care when he needs it.

Since the 83d Congress has not yet adjourned, I cannot give you as detailed a report on its activities as I would like to. Some time after adjournment date, you will receive a complete report. After making your usual thorough evaluation of the report, I would appreciate receiving your opinions on it.

Giveaway Program

EXTENSION OF REMARKS

OF

HON. DANIEL A. REED

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1954

Mr. REED of New York. I am inserting in the RECORD some figures with reference to our giveaway program. This ought to be of great interest to the taxpayers of this country and it may open the eyes of some of the internationalists who have been voting away this money:

Foreign aid programs of the U. S. Government: Grants, credits, and cash expenditures from the Federal Treasury for foreign aid in the period from July 1, 1940, through May 15, 1954. Compiled from Statistical Appendixes, Foreign Transactions of the United States, and other reports of the Department of Commerce. Arranged in 2 parts, the World War II period and the postwar era

WORLD WAR II PERIOD (PT. 1)

	Fiscal year					War period, total
	1941	1942	1943	1944	1945	
Gross expenditures:						
Grants	$203,000,000	$6,205,122,095	$9,165,977,700	$16,650,353,676	$15,758,641,526	$47,983,095,057
Credits	115,123,052	476,699,333	47,894,356	122,948,106	90,818,352	853,483,199
Other dollar outlays	274,443,834	1,273,716,986	2,730,758,500	3,827,988,633	2,926,153,103	11,033,061,056
Total	592,566,886	7,955,538,414	11,944,630,616	20,601,290,415	18,775,612,981	59,869,639,312

POSTWAR PERIOD (PT. 2)

	Fiscal year								Total, 1946–53
	1946	1947	1948	1949	1950	1951	1952	1953	
Grants	$3,288,535,118	$2,074,982,401	$2,583,000,000	$5,169,000,000	$4,617,000,000	$4,280,286,000	$4,440,000,000	$6,283,000,000	$32,735,803,519
Credits	1,412,400,910	4,766,374,998	2,802,000,000	1,138,000,000	405,000,000	419,000,000	658,000,000	747,000,000	12,347,775,908
Other	2,203,186,778	1,682,120,213	1,702,000,000	1,295,029,206	1,316,536,000	1,925,000,000	----------	----------	10,123,872,197
Total	6,904,122,806	8,523,477,612	7,087,000,000	7,602,029,206	6,338,536,000	6,624,286,000	5,098,000,000	7,030,000,000	55,207,451,624

NOTE.—Payments to International Bank and Monetary Fund: $159,025,000, $3,225,975,000; total, $3,385,000,000.

Summary of foreign aid by periods

World War II period	$59,869,639,312
Postwar period to 1953	55,207,451,624
Fiscal year 1954 to May 15, 1954	4,224,906,564
Gross foreign aid	119,301,997,500
Gross foreign aid, July 1, 1940, to May 15, 1954	119,301,997,500
Subscription to bank and monetary fund	3,385,000,000
Total	122,686,997,500

DOLLAR RECEIPTS OF THE UNITED STATES GOVERNMENT AS REPAYMENT OF LOANS AND CREDITS, PAYMENTS FOR SURPLUS PROPERTY, PLUS CREDITS FOR REVERSE LEND-LEASE

With respect to allowances for so-called reverse lend-lease, the United States was "charged" for the use of facilities needed in the assembly and training of the Armed Forces sent abroad for participation in the war and the invasion of the continents of Africa and Europe, as well as for other goods and services provided by the principal Allies, Great Britain, France, and several small nations. Compiled in 2 parts: Part 1 covering the period July 1, 1940, through June 30, 1945, and part 2 covering the period from July 1, 1945 through May 15, 1954.

Dollar receipts by fiscal years

Part 1. The war period:	
1941	$47,148,824
1942	209,741,403
1943	340,804,133
1944	857,489,976
1945	972,164,171
War period total	2,427,348,507
Part 2. Postwar period:	
1946	1,140,608,963
1947	1,788,592,276
1948	1,372,000,000
1949	1,059,000,000
1950	495,944,000
1951	361,098,000
1952	502,523,000
1953	694,000,000
1954 (9 months)	420,512,000
Postwar total	7,834,277,239

War and postwar summary

Part 1, repayments	$2,427,348,507
Part 2, repayments	7,834,277,239
Total	10,261,625,746

Net foreign-aid cost to American Government

[July 1, 1940, through May 15, 1954]

Foreign aid in war period	$59,869,639,312
Foreign aid in postwar period	55,207,451,624
Foreign aid, fiscal year 1954	4,224,906,564
Total	119,301,997,500
War and postwar returns	10,261,625,746
Net foreign aid	109,040,371,754
Net foreign aid plus interest cost	
Net foreign aid July 1, 1940, through May 15, 1954	$109,040,371,754
Simple interest on money borrowed for foreign aid	18,606,524,210
Cumulative net total	127,646,895,964
Investment in International Bank and Monetary Fund	3,385,000,000
Grand total	131,031,895,964

Analysis of interest cost to American taxpayers of money borrowed by the Federal Treasury in periods of deficits for the foreign-aid program (Interest calculated at the Treasury's average computed interest rate by fiscal years)

Fiscal year	Reported gross foreign aid in dollars	Reported dollar returns	Net foreign aid in dollars	Computed annual interest rate	Added new first year interest cost	Cumulative yearly interest cost	Total cumulative interest cost by years
1941	$592, 566, 886	$47, 148, 824	$545, 418, 062	$0. 02518	$13, 733, 626. 80		$13, 733, 626. 80
1942	7, 955, 538, 414	209, 741, 403	7, 745, 797, 011	.02285	165, 993, 461. 70	$179, 727, 088. 50	193, 460, 715. 30
1943	11, 944, 630, 616	340, 804, 133	11, 603, 826, 483	.01979	229, 639, 726. 10	409, 366, 814. 60	602, 827, 529. 90
1944	20, 601, 290, 415	857, 489, 976	19, 753, 800, 439	.01929	381, 050, 810. 42	790, 417, 625. 02	1, 393, 245, 154. 92
1945	18, 775, 612, 981	972, 164, 171	17, 803, 448, 810	.01936	344, 674, 768. 96	1, 135, 092, 393. 98	2, 528, 337, 548. 90
1946	6, 904, 122, 806	1, 140, 608, 963	5, 763, 513, 843	.01996	115, 039, 736. 30	1, 250, 132, 130. 28	3, 778, 469, 679. 18
1947	8, 523, 477, 612	1, 788, 592, 276	6, 734, 885, 336	.02107	141, 904, 034. 02	1, 392, 036, 164. 30	5, 170, 505, 843. 48
1948	7, 087, 000, 000	1, 372, 000, 000	5, 715, 000, 000	.02182	124, 701, 300. 00	1, 516, 737, 464. 30	6, 687, 243, 307. 78
1949	7, 602, 029, 206	1, 059, 000, 000	6, 543, 029, 206	.02236	146, 302, 133. 00	1, 663, 039, 597. 30	8, 350, 282, 905. 08
1950	6, 338, 536, 000	495, 944, 000	5, 842, 592, 000	.02200	128, 537, 024. 00	1, 791, 576, 621. 30	10, 141, 859, 526. 38
1951	6, 624, 286, 000	361, 098, 000	6, 263, 188, 000	.02270	144, 444, 367. 60	1, 936, 020, 988. 90	12, 077, 880, 515. 28
1952	5, 098, 000, 000	502, 523, 000	4, 595, 477, 000	.02329	107, 028, 659. 33	2, 043, 049, 648. 23	14, 120, 938, 163. 51
1953	7, 030, 000, 000	694, 000, 000	6, 336, 000, 000	.02438	154, 471, 680. 00	2, 197, 521, 228. 23	16, 318, 459, 391. 74
1954 [1]	4, 224, 906, 564	420, 512, 000	3, 804, 394, 564	.02380	90, 544, 590. 60	2, 288, 065, 818. 83	18, 606, 524, 210. 57

[1] Computation for fiscal year 1954 includes period from July 1, 1953, through May 15, 1954, or 10½ months.

Interest was calculated on the net dollar investment by grants, credits, and all other forms of foreign aid.

Sources: Computed interest rate from annual reports, Secretary of the Treasury; foreign aid from statistical appendixes, foreign transactions of the United States, issued by the Office of Clearing Information and its successor agencies in the Department of Commerce.

Monopoly Within the Radio and Television Industry

EXTENSION OF REMARKS

OF

HON. HARRY R. SHEPPARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1954

Mr. SHEPPARD. Mr. Speaker, on several occasions I have brought to the attention of the Congress the seriousness of the monopoly of the radio and television network chains and the drastic effect these monopolies have on the public interest, convenience, and necessity of our people.

An alarming number of our radio stations have had to discontinue operation and many now are operating in the red because of the control these radio network chain monopolies have on the entire economic aspect of the industry, such as the rates stations charge for their broadcasting time, and determination of when, what, and who shall broadcast or rebroadcast radio programs, to say nothing of the complete dominance of the control of public opinion through the news commentators of the network radio chain monopolies.

Many radio stations have brought the seriousness of this situation to my attention in the past and, in turn, I have called it to the attention of my colleagues through the medium of the floor as well as by the introduction of legislation before the House of Representatives designed to regulate these radio network chain monopolies.

For the past week the Senate, through its Subcommittee on Communications of the Senate Interstate and Foreign Commerce Committee, has been holding hearings on the plight of the ultra high frequency television broadcasters. These hearings have shown that many ultra high frequency television broadcasters have invested between one-half to two million dollars each in the construction and operation of their television stations. Many of the pioneers of the new ultra high frequency television channels had to shut down their stations and cease their television broadcasting because they could not get the high quality programs of the national radio or television sponsors for their stations.

In the closing or discontinuing of nearly 100 of ultra high frequency television stations within the last few months, millions of dollars worth of ultra high frequency television equipment in the hands of the public has been made useless to the purchasers. As the result of the united efforts of these ultra high frequency television operators the seriousness of this grave situation was forcefully brought to the attention of the Senate which has resulted in hearings now being held by the Senate Interstate and Foreign Commerce Committee. The Senate hearings have clearly pointed out that the Federal Communications Commission, through the medium of "quicky" television grants, put many ultra high frequency television stations off the air. These television broadcasters were virtually forced off the air by the FCC through the unfair advantages given these "quicky" very high frequency television stations over their competitors, the ultra high frequency television stations, such as granting the very high frequency stations transmitting powers which allow these very high frequency stations to cover as high as 3 to 4 times the area of the ultra high frequency television stations, and as a result of this and other competitive advantages the ultra high frequency television stations were put out of business.

In these Senate television hearings it was pointed out by testimony of Commissioner Frieda Hennock of the FCC how the Commission, over her most strenuous objections, gave illegal "quicky" television grants to applicants who filed complicated merger television applications with the FCC. These "quicky" television applications were filed with the FCC exactly at their closing time of 5 o'clock on Tuesday afternoon, and then the FCC promptly granted these applications at 10 o'clock on Wednesday, the next day, without the Commissioners ever having a chance to look into these complicated applications to determine if the grant to the applicant would be in the public interest. In fact, it was impossible for the FCC Commissioners to know anything about the merger applications at the time the Commissioners were voting on them. May I say that these Senate hearings have clearly pointed out that Commissioner Hennock refused to be a party to such illegal "quicky" television grants and she is to be greatly commended for her fight to uphold the principles for which the FCC was created, those basic principles being to control monopoly within the radio and television broadcasting field and to protect the public interest, convenience, and necessity in granting these public domain radio and television channels to broadcasters which the Commission has failed to do.

One of the basic facts brought out in the testimony at the Senate hearings given by the television broadcasters who have been put out of business was that the network monopolies made it impossible for them to obtain the expensive, high-quality programs of the major television advertisers and sponsors. These ultra high frequency television broadcasters almost unanimously testified to the fact the networks are monopolies and there is a definite need for their control by the Government the same as the Government now controls the radio and television stations.

Almost all of these station operators have testified they are in favor of a Senate bill, S. 3456, introduced by Senator BRICKER, of Ohio. Senator BRICKER's resolution calls for legislation which would regulate the radio and television network chains by the FCC.

As a result of the complaints registered with me by many broadcasters and as a result of my careful study of the network monopoly situation, I am also convinced that if we are to have a complete fully competitive radio and television service for our people these network chain monopolies must be regulated by

the FCC in the same manner that the Commission now regulates the thousands of radio and television stations in this country.

Also, I am of the opinion that any person who spends large sums of money to sponsor a radio or television program should have the full use of his program and that the FCC, no other person, radio or television station should be allowed to withhold the rebroadcasting of that sponsor's program if the sponsor so desires to rebroadcast it to the American people.

It is with these thoughts in mind that I have introduced two resolutions—H. R. 9700 and H. R. 9701—which were essentially introduced on two previous occasions. It is the purpose of these bills to prevent, to the greatest extent possible, any monopoly within the radio or television industry from operating contrary to the public interest, convenience, or necessity.

Wetback Bills

EXTENSION OF REMARKS

OF

HON. LOUIS E. GRAHAM

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1954

Mr. GRAHAM. Mr. Speaker, I have today introduced two bills, each of which I believe to be essential legislation for enactment during the current Congress if the Government is successful to repel what is virtually an invasion of the country by Mexican wetbacks.

As you know, in the past several years thousands of Mexican nationals have entered the United States for farm employment in accordance with the provisions of the Migrant Labor Agreement of 1951, revised, extended, and improved in 1954, between this country and Mexico. However, many thousands of illegal migrants have swarmed into the United States without complying with any of the controlled conditions established and supervised under the migrant-labor agreement. These aliens are commonly denominated wetbacks since almost all make their entry by crossing the Rio Grande. The term has stuck despite the actual fact that most of them effect their crossings without wetting their backs at all.

The wetback constitutes the most serious enforcement problem which faces the Immigration and Naturalization Service of the Department of Justice. The Attorney General has recently pointed out that 85 percent of the deportations effected in the last fiscal year were accomplished at the Mexican border, and over 98 percent of the 885,391 voluntary departures during the same period occurred at that border.

Particularly significant with respect to the wetback problem are three alarming considerations. First, the volume of the wetback traffic has been increasing in almost incredible proportions. In fiscal 1940 there were approximately 7,500 apprehensions in the Mexican border districts. In 1954 the figure will reach about 1 million. Second, no longer are the wetbacks content in our agricultural areas. They are migrating in vast numbers to our cities and other urban communities, seeking and obtaining employment in trade and in industry, and creating serious social and economic problems in the areas in which they settle. Third, the illegal entry of these hundreds of thousands of persons serves as a potentially effective channel for the entry and departure of subversives and persons of similar bent.

It seems to me that the attack on this problem must be two-pronged. Unpleasant consequences must attend the illegal migrant so as to discourage him from entering the United States illegally. Likewise, unpleasant consequences must attend those who knowingly assist and encourage these persons by providing employment opportunities or transportation. The bills I have introduced today are aimed at developing an effective means of meeting the second phase of the problem.

H. R. 9731, entitled the "Illegal Employment of Aliens Act of 1954," would prohibit persons or organizations from offering employment, employing, or paying wages to any alien known by them, or concerning whom they have reasonable grounds to believe, to have illegally entered the United States within 3 years prior thereto. No criminal penalties are prescribed because it is intended and expected that the prohibitions will be enforced by way of injunction proceedings, followed, if and when necessary, by criminal contempt proceedings.

H. R. 9732, the proposed Illegal Transportation of Aliens Act of 1954, supplements the first mentioned bill and other pertinent immigration laws by providing for the forfeiture of any means of transportation used in transporting aliens in violation of section 1324 (a) (1) or (2) of title 8 of the United States Code.

A Puzzling Situation

EXTENSION OF REMARKS

OF

HON. CLARE E. HOFFMAN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 29, 1954

Mr. HOFFMAN of Michigan. Mr. Speaker, Thursday, July 8, the House practically unanimously passed a bill extending unemployment benefits to more than 4 million additional workers not previously covered; 2,500,000 of these were Federal civilian employees; 1,300,000 were workers in firms which have 4 or more employees.

The purpose of the payment of unemployment compensation is to provide a cushion, an economic cushion, for those previously employed, who, through no fault of their own, find themselves without jobs. The purpose is laudable. The objective is to prevent hardship.

However, if unemployment benefits are to be extended to an ever-increasing number and if the payments are to be gradually increased, one, concerned with the economic future of our people as a whole, begins to wonder how long those who have jobs, wages, salaries, or income can continue to contribute to the fund which takes care of the unemployed. How long can those who are working continue increasingly to contribute toward the support of those who are not? A correct answer is difficult to find.

With the question just put is another: How long shall one thrown out of a desirable, highly paid job, be permitted to remain unemployed and receive benefit payments when a less desirable or lower-paid job is offered?

We in Congress are continually reminded that there is a great deal of unemployment. That to relieve the situation Federal legislation must be enacted, tax dollars appropriated. At the same time, I am advised, through the daily press, that in May some 8,000 electrical workers in Philco plants; 5,200 tool and die workers at Dearborn, Mich.; 4,700 bakery workers in New York; 1,000 rubber workers in Kearny, N. Y.; 2,300 jewelry and novelty workers in Irvington, N. J.; 1,200 steel workers in Ohio and Kentucky; 800 bus and trolley drivers in Indianapolis, Ind., were on strike. Then in June at Ecorse, Mich., 11,500 steelworkers were on strike; in Detroit there was a milk strike involving 3,500 employees and 2,600,000 consumers; 500 phone employees went out at Detroit; 155 phone equipment installers went on strike in Washington, D. C.; rubber workers were out at the Goodyear plants as late as July 8; 4,500 workers at the atomic energy plants were out and there are other strikes throughout the Nation. What I find difficult in understanding is why there should be a claim of unemployment when so many employees refuse to work on jobs which are available.

Do you understand what I am getting at? How can it be said that unemployment—and there always has been and always will be some unemployment—is a present threatening danger which requires Federal legislation and the expenditure of millions of dollars in benefit payments or the creation of Federal jobs when, at the same time, so many are refusing to work at the jobs which are available.

Permit a repetition. How long can those of us who have jobs, be able to continue benefit payments to those who lose their jobs and who will not accept another job which is less desirable or which carries a lower wage or salary?

And another puzzler—if it be true that the wage earner who receives an increase cannot get to the grocery store before a price increase is posted on what he must buy, and, if the Federal Government continues to print additional millions or billions of dollars and puts them into circulation, when will ruinous inflation overtake us?