SENATE

WEDNESDAY, JUNE 30, 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, from whom all blessings flow: Draw very near unto us, we beseech Thee, in this moment of supplication. As we stretch lame hands of prayer to Thee, grant us the benediction of Thy peace. Look with Thy healing mercy upon this fear-haunted world, where so many flowers of hope have faded, so many lamps of faith are flickering low, where so much joy has turned to dust. As we look away from our paltry and passing concerns to the vast arch of Thy spangled heavens, may we know that no momentary eclipse can hide for long the sun of Thy righteous love from whose infinite effulgence there is poured upon us the light that is our life. Even as pilgrims of the night may we follow faithfully the star of truth and justice to a future for all humanity glorified by the light which alone comes from Thee. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, June 29, 1954, was dispensed with.

LEGISLATIVE PROGRAM FOR TODAY

Mr. KNOWLAND. Mr. President, before I suggest the absence of a quorum, I should like to invite the minority leader's attention to the procedure desired to be followed today.

As the Members of the Senate know, following the morning hour we shall, under the unanimous-consent agreement, be operating under controlled time. I have been informed that this morning the House of Representatives acted on conference reports on the three appropriation bills which were filed in the House yesterday. So far as I know, there will be no controversy, certainly no major controversy, with respect to any of the conference reports. I believe I am correct in stating that the reports were signed by all the Senate conferees in each instance, or certainly at least all the conferees who were in the city. I assume the messages from the House will be received in the Senate probably by the time the Senate shall have completed its quorum call.

If it meets with the approval of the Senate, I have in mind requesting that the Senate take up the three conference reports, then proceed to the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches, and then, upon completion of the morning business, proceed to the debate on the tax bill, under controlled time.

Mr. JOHNSON of Texas. Mr. President, I shall have no objection to the immediate consideration of the conference reports, if I may have an understanding with the distinguished majority leader that their consideration will be temporarily suspended, if a prolonged controversy over any of the reports develops. As the majority leader well knows, we may begin voting on the tax bill today. I am just as anxious as is the majority leader to expedite action on the conference reports on the appropriation bills. I think the Committee on Appropriations has done an extremely fine job on the appropriation bills this year, the best I have ever seen in the Senate. I think the majority leader's programing of the bills has resulted in dispatch and orderly procedure in which the Senate can take pride.

If the majority leader will give me the assurance that action on the conference reports will be postponed in the event prolonged controversy develops, then I am agreeable to following the course which has been suggested.

Mr. KNOWLAND. I would not want any prolonged controversy to be engaged in ahead of action on the tax bill. I think I can give the Senator from Texas assurance that there will not be any lengthy debate on the conference reports.

I wish to express my appreciation of the Senator's remarks, and to pay tribute to the distinguished chairman of the Committee on Appropriations, the Senator from New Hampshire [Mr. BRIDGES], and not only to the majority but to the minority members of the committee and the subcommittees, which did so much to expedite work on the appropriation bills, to the House of Representatives itself, which sent the bills over to the Senate this year in a very expeditious manner, and also to the entire Senate for its cooperation in helping to expedite action on the bills. The Congress is now in a situation which has happened only occasionally in the past quarter of a century; since it will have completed congressional action on all the major departmental appropriation bills prior to the expiration of the fiscal year at midnight tonight, and all the bills should be on the desk of the President before that time.

Mr. JOHNSON of Texas. The Senator from California may be assured of the continued cooperation of the minority leader, and, with the understanding I have stated, the minority will be glad to have the conference reports taken up. The majority leader has set an example in the way of expediting appropriation bills for which we can all be grateful.

Mr. KNOWLAND. I again wish to express my appreciation to my friend, the minority leader, for the assistance he has rendered in helping to carry out the program.

Mr. President, I ask unanimous consent that following the quorum call, it may be understood that the Senate will take up the conference reports on the appropriation bills, if they have at that time arrived from the House of Representatives, to be followed by the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches, and thereafter, pursuant to the order entered, we shall be operating on divided and controlled time on the tax bill.

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

CALL OF THE ROLL

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

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

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

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

Mr. SALTONSTALL. I announce that the Senator from Wisconsin [Mr. McCARTHY] is necessarily absent.

The PRESIDING OFFICER (Mr. SALTONSTALL in the chair). A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 8571) to authorize the construction of naval vessels, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ARENDS, Mr. VINSON, and Mr. DEVEREUX 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 on conference on the disagreeing votes of the two Houses on the amendments of the House to 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.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8067) making appropriations for the Departments of State, Justice, and Commerce, and the United States Information Agency, for the fiscal year

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ending June 30, 1955, and for other purposes; that the House recede from its disagreement to the amendments of the Senate numbered 25, 43, and 47 to the bill, and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 1, 17, 40, and 49 to the bill, and concurred therein severally with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9203) making appropriations for the legislative branch and the judiciary branch 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 9, 11, 14, 15, 17, 23, 24, 25, 26, 27, 31, 32, 36, 40, 42, 43, 44, 45, 46, 47, and 63 to the bill, and concurred therein, and that the House receded from its disagreement to the amendment of the Senate numbered 22 to the bill, and concurred therein with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9447) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related independent agencies, for the fiscal year ending June 30, 1955, and for other purposes; and that the House receded from its disagreement to the amendments of the Senate numbered 18 and 30 to the bill, and concurred therein, each with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 2636. An act for the relief of George Japhet; and

H. R. 5436. An act for the relief of David Hanan.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS—CONFERENCE REPORT

Mr. THYE. 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. 9447) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related independent agencies, for the fiscal year ending June 30, 1955, and for other purposes. 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 legislative clerk read the report.

(For conference report, see House proceedings of June 30, 1954, pp. 9328–9330, CONGRESSIONAL RECORD.)

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

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

Mr. THYE. Mr. President, I have prepared a statement giving a complete and detailed explanation of what the conferees did relative to the Senate amendments If it is desired that it be read, I shall be glad to read it. If not I shall ask to have it printed in the RECORD.

Mr. JOHNSON of Texas. Mr. President, I do not desire to have the statement read, but I should like to ask a question. Was the conference report signed by all the conferees on the part of the Senate?

Mr. THYE. Yes. The conference report was signed by all the conferees, both Senate and House. No conferee refrained from signing the report.

Mr. President, I ask unanimous consent that my report on the conference committee's action be printed in the RECORD at this point as a part of my remarks.

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

H. R. 9447, making appropriations for the Departments of Labor, and Health, Education, and Welfare, and for related independent agencies, carried a total of $1,983,182,761 as it passed the Senate, which was $12,804,000 over the House allowances, and $17,897,500 over the 1955 budget estimates.

The conference agreement provides a total of $1,975,198,261, a decrease of $7,984,500 under the Senate allowances, but $4,819,500 over the House allowances, and $9,913,000 over the budget estimates.

During the consideration of the bill on the Senate floor, there were added five increases, as follows:

1. One hundred thousand dollars for the Bureau of Labor Standards, for the migratory labor problem, offered by Senator COOPER of Kentucky and joined by Senator LEHMAN of New York.

2. One hundred and ten thousand dollars for salaries and expenses for the Bureau of Employment Security, offered by Senator HAYDEN, of Arizona.

3. One hundred and thirty-three thousand dollars for the Wage and Hour Division, offered by Senator PAYNE, of Maine.

4. One hundred thousand dollars for the Food and Drug Administration, offered by Senator NEELY, of West Virginia, for himself and Senator SMATHERS, of Florida.

5. Two hundred and seventy thousand dollars for engineering, sanitation, and industrial hygiene, of the Public Health Service, offered by Senator BRICKER of Ohio.

Sometimes proponents of amendments accepted on behalf of the Committee on Appropriations to take to conference wonder if the committee isn't agreeing to the amendment merely to expedite floor action, with intention to recede quickly in conference from the Senate amendment. I would like to point out here that on the five amendments agreed to on the Senate floor, the committee of conference took the following action:

Allowed $50,000 of the $100,000 Cooper amendment for migratory labor problems.

Allowed $55,000 of the $110,000 Hayden amendment for the Bureau of Employment Security.

Allowed $66,500 of the $133,000 Payne amendment for the Wage and Hour Division.

Allowed the full $270,000 Bricker amendment for engineering, sanitation, and industrial hygiene, Public Health Service.

Allowed nothing of the $100,000 Neely amendment for the Food and Drug Administration. Here the managers on the part of the House were adamant and just absolutely refused to accede to any part of the Senate increase.

So of the $713,000 accepted by the committee during floor consideration we were able to retain $441,500 in conference, or better than 60 percent of such increases.

Of particular interest to a number of Senators was Senate Amendment No. 15, offered by the distinguished chairman of our committee, Senator BRIDGES. The purpose of his amendment was to suspend for 1 year the 3 percent absorption provision added by Public Law 248, 83d Congress. But as drawn the amendment inadvertently made more liberal provision than the original act, Public Law 874. And so after much discussion the Senate conferees receded, with the understanding though that the House conferees would have a full discussion with members of the House Committee on Education and Labor, and that they would entertain a similar amendment to suspend for 1 year the 3 percent absorption provision, but with no more liberal benefits than obtained under Public Law 874, which required that to qualify for any benefits, a school district must have 3 percent of the average daily attendance in federally affected children.

The Senate conferees as a result of the action taken on amendment No. 15 also receded on Amendment No. 14, by which was added in the Senate $3,500,000 for the appropriation for payments to school districts as authorized by Public Law 874, as amended by Public Law 248. The action to be taken later on the 3 percent absorption provision will necessitate, of course, a supplemental appropriation, and we will have for consideration then an estimate to pay in full all benefits accruing to the local educational agencies under the law.

The Senate had increased the funds for the sundry items in the National Institutes of Health, amendments 22 to 28, by a total of $7,750,000. The conference agreement allows one-half of the Senate increase, $3,875,000, distributed as follows:

To the National Cancer Institute, $500,000;

To the mental health activities, $687,500;

To the National Heart Institute, $500,000;

To the dental health activities, $250,000, all of the Senate increase;

To arthritis and metabolic disease activities, $1 million;

To microbiology activities, $250,000; and

To neurology and blindness activities, $687,500.

The Senate conferees hoped to retain the full Senate increases, of course, but some compromise was necessary, and with some reluctance perhaps the House conferees allowed one-half of the Senate increases. I might add however that the amounts agreed to in conference for the National Institutes of Health are $10,140,000 over the budget estimates, and $10,115,000 over the 1954 appropriations.

While not a subject to conference, I must remark on the many requests presented to our committee for funds for Grants for the Construction of Research Facilities. Our report to the Senate, Report No. 1623, made brief mention of this, as follows:

"The committee urges the Committee on Labor and Public Welfare to investigate this problem to determine the public policy. If such a program is adopted it is the view of this committee that it should be put on a matching basis and the grants be authorized according to formula."

On my own behalf I shall expect the committee staff assigned to this appropriations bill to assist in the preparation of data and the survey of the whole problem in an effort to bring the question before the Senate for a definite conclusion as to whether public

moneys should be granted to our colleges and hospitals and other nonprofit institutions to add to the total research facilities in the fight against disease. I hope our study and investigations will offer sufficient evidence to permit us to reach an affirmative conclusion. I personally think that such an expenditure of Federal funds would inure greatly to the public benefit.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 9447, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
June 30, 1954.

Resolved, That the House recede from its disagreement to the amendment of the Senate No. 18 to the bill (H. R. 9447) entitled "An act making appropriations for the Departments of Labor, Health, Education, and Welfare, and related independent agencies, for the fiscal year ending June 30, 1955, and for other purposes," and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert: "of which not less than $4,500,000 shall be available only for grants to States, to be matched by an equal amount of State and local funds expended for the same purpose, for direct expenses of prevention and case-finding projects including salaries, fees, and travel of personnel directly engaged in prevention and case-finding and the necessary equipment and supplies used directly in prevention and case-finding operations, but excluding the purchase of care in hospitals and sanatoria."

That the House recede from its disagreement to the amendment of the Senate No. 30, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert "Construction, maximum security building: For the preparation of tentative drawings for a maximum security building at St. Elizabeths Hospital, $110,000: *Provided*, That with respect to construction of new facilities hereafter authorized, and expenditures for major repairs of buildings and grounds, the per diem rate calculated for the District of Columbia pursuant to section 2 of the act of August 4, 1947 (24 U. S. C. 168a), shall include a proportionate share of repairs and of the annual increment of the depreciated total cost of such construction, such depreciation to be based on the estimated life thereof, not exceeding 40 years, beginning with the fiscal year following completion of construction, and such proportionate share shall be deposited in the Treasury to the credit of miscellaneous receipts."

Mr. THYE. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 18 and 30.

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

The motion was agreed to.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, AND UNITED STATES INFORMATION AGENCY APPROPRIATIONS — CONFERENCE REPORT

Mr. BRIDGES. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the 2 Houses on the amendments of the Senate to the bill (H. R. 8067) 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. 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 legislative clerk read the report.

(For conference report, see House proceedings of June 30, 1954, pp. 9331–9332, CONGRESSIONAL RECORD.).

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

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

Mr. JOHNSON of Texas. Mr. President, I should like to ask the Senator from New Hampshire a question. Did all the conferees on the part of the Senate sign the report?

Mr. BRIDGES. In answer to the question of the disinguished minority leader, let me say that all the Senate conferees except one signed the report.

Mr. JOHNSON of Texas. I am informed as to the situation with respect to that particular Senator, and I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 8067, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
June 30, 1954.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 25, 43, and 47 to the bill (H. R. 8067) 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, and concur therein.

That the House recede from its disagreement to the amendment of the Senate numbered 1, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert "$62,500,000, and in addition $200,000 to be derived by transfer from the unobligated balance of the 1954 appropriation, 'Government in Occupied Areas.' "

That the House recede from its disagreement to the amendment of the Senate numbered 17, and concur therein with an amendment as follows: In lieu of the matter proposed by said amendment insert *"Provided*, That so long as the position is held by the present incumbent the compensation of the Deputy Commissioner, Immigration and Naturalization Service, shall be $15,000 per annum."

That the House recede from its disagreement to the amendment of the Senate numbered 40, and concur therein with an amendment as follows: In lieu of the matter proposed by said amendment insert *"Provided*, That no part of this appropriation shall be allocated for expenditures in a particular country except with the approval of the President and a report to the Appropriations Committees of the House and Senate."

That the House recede from its disagreement to the amendment of the Senate numbered 49, and concur therein with an amendment as follows: In lieu of the sum named in said amendment insert "$200,000."

Mr. BRIDGES. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 1, 17, 40, and 49.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Hampshire [Mr. BRIDGES].

The motion was agreed to.

LEGISLATIVE - JUDICIARY APPROPRIATIONS — CONFERENCE REPORT

Mr. BRIDGES. 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. 9203) making appropriations for the legislative branch and the judiciary branch 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 legislative clerk read the report.

(For conference report, see House proceedings of June 30, 1954, pp. 9326–9327, CONGRESSIONAL RECORD).

Mr. JOHNSON of Texas. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. JOHNSON of Texas. Did all the conferees on the part of the Senate sign the report?

Mr. BRIDGES. All except one member, who was out of town.

Mr. CASE. Mr. President, may I ask the distinguished chairman of the Committee on Appropriations if action on this conference report will complete action on the regular appropriation bills for fiscal 1955?

Mr. BRIDGES. When action is taken on this bill it will complete action on all the regular appropriation bills for fiscal 1955. The only appropriation bills remaining to be acted on will be the supplemental appropriation bill, which probably will come up for action toward the latter part of the session, and the foreign-aid appropriation bill, the authorization act which has not been passed by Congress as yet. However, all the regular appropriation bills will have been acted on.

Mr. CASE. Mr. President, I asked the question because I wished to direct attention to the fact that action on all the regular appropriation bills for fiscal 1955 has been completed on this closing day of the fiscal year 1954. In the 18 years I have been in Congress, in the Senate and in the House, this is one of the few times that has happened—the second time, I believe—in the last decade.

I call attention to that fact because both times when this result has been achieved the distinguished Senator from New Hampshire [Mr. BRIDGES] has been the chairman of the Committee on Appropriations of the Senate, and the distinguished Member of the House of Representatives, the Honorable JOHN TABER,

has been the chairman of the Committee on Appropriations of the House. The two times have been when the Republican Party was in control of the House of Representatives and of the Senate.

The other times, as I recall, was in 1948, when similar prompt action was taken on appropriation bills for the fiscal year 1949. That was in one of the years of the 80th Congress—the much maligned but underrated 80th Congress.

The work of the distinguished Senator from New Hampshire [Mr. BRIDGES] and the work of the distinguished Member of the House of Representatives, the Honorable JOHN TABER, should be noted on this occasion. It is a noteworthy achievement that this year again, for the second time in many years, the fiscal housekeeping of the United States is in order, and Congress is not being called upon to pass continuing resolutions in order that Government agencies may have operating funds for July or August or September. The two Committees on Appropriations and their staffs have done their work well and have completed their work on schedule. The fact should be noted in the RECORD, and I hope that some of the commentators and columnists, who have been talking about the schedule of Congress, will take note of that fact.

And, Mr. President, in the presence of my colleague, the senior Senator from South Dakota [Mr. MUNDT], who presided over the so-called McCarthy hearings, I should like to point out again that the work of Congress was not interrupted by the work of the Committee on Government Operations or by the work of the special investigating subcommittee of that committee, presided over by my colleague from South Dakota. I take this occasion also to pay my respects to him for the way in which he presided at those hearings. There may have been times when, had it not been for his good nature and his capacity for geniality and his capacity for saying a gentle word, when tempers were inflamed, there might have been an interruption of the work of Congress, certainly an interruption of the work of the committee. The investigating committee kept on with its work and the other committees and the Congress, as a whole, kept on with theirs.

So, while expressing my compliments to the able Senator from New Hampshire as chairman of the Appropriations Committee, and to his associates, for keeping the work of Congress on schedule, I also want to compliment my colleague for his work in presiding over the Committee on Investigations. He did a good job. The intensive hearings of his committee did not interfere with the regular work of the Senate.

However, I arose at this time primarily to speak of the work of the Committee on Appropriations, because this is the closing day of the fiscal year, and I commend the committee, its chairman, its members, and its staff for having completed their work on time.

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

Mr. CASE. I yield.

Mr. MAGNUSON. The Senator from South Dakota will agree that so far as this side of the aisle is concerned there was no delay on the part of any Democrat on the Committee on Appropriations in having the committee do that excellent job.

Mr. CASE. I am happy to have the Senator from Washington add that point. There has certainly been cooperation from both sides of the aisle. The compliments I am extending apply to all members of the Committee on Appropriations who, under the leadership of the Senator from New Hampshire, have done such a fine job.

Mr. MAGNUSON. I will say to the Senator from South Dakota that it was only natural for the Democrats on the committee to give such fine cooperation, because most of the appropriations were for continuing the provisions of statutes which the Democratic Congresses had enacted during the past 20 years.

Mr. BRIDGES. Inasmuch as the subject has been brought up, I should like to thank the distinguished Senator from South Dakota for his remarks. I may say also that I wish personally to thank the various members of the Committee on Appropriations, both Republicans and Democrats, who very conscientiously and tirelessly worked on these bills, and did an excellent job. In particular, I wish to thank the chairmen of the various subcommittees who have worked so diligently on their respective appropriation measures.

Secondly, I wish to thank the majority leader and the other Republican Members of the Senate, and the minority leader and all the Democratic Senators, for their cooperation in expediting the passage of the bills.

This year the Eisenhower administration presented the lowest budget request in years. The budget submitted was a good one, the result of months of careful study. But, despite this, the Congress was able to reduce this budget by over $1,500,000,000. This was an outstanding performance on the part of the Congress in general and the Appropriations Committees in particular. And it was done, in my belief, without impairing a single essential function of government.

Mr. President, at this time I ask unanimous consent to have printed in the RECORD a summary of the action on appropriation bills. It is a table which shows that the budget estimates submitted were $44,208,559,415, and that the total appropriations are $42,668,315,103.

Congress has reduced the budget estimates by $1,540,244,312. I ask that the summary be printed in the RECORD at this point because it shows the remarkable work that has been done.

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

Regular annual appropriation acts, fiscal year 1955, June 30, 1954

Bill No.	Title	House budget estimate	Senate budget estimate	Reported to House	Passed by House	Reported to Senate	Passed by Senate	Conference agreement	Conference agreement compared with Senate budget estimate (+ increase; − decrease)
8779	Agriculture	$698,741,813	$698,741,813	$698,741,813	$720,102,654	$722,791,971	$725,351,971	$723,683,150	+$24,941,337
8367	Army, civil functions	465,160,000	465,160,000	430,983,700	430,983,700	484,095,500	484,095,500	457,071,300	−8,088,700
8873	Armed services	29,887,055,000	29,887,055,000	[1] 28,680,706,500	[1] 28,684,250,486	[1] 28,861,584,486	29,217,106,486	[1] 28,800,125,486	−1,086,929,514
9517	District of Columbia	(172,476,546)	(172,476,546)	(168,487,838)	(168,487,838)	(170,359,816)	(170,438,817)	(169,928,099)	−(2,548,447)
	Federal contributions	21,890,000	21,890,000	17,890,000	21,890,000	21,890,000	21,890,000	21,890,000	
8583	Independent offices	5,929,723,600	5,987,622,360	5,566,118,763	5,566,118,763	5,700,729,413	5,700,775,413	5,651,770,063	−335,852,297
8680	Interior	422,118,430	427,751,110	363,360,989	364,337,989	427,601,006	427,601,006	405,936,149	−21,814,961
9447	Labor, HEW	1,965,285,261	1,965,285,261	1,948,946,011	1,970,378,761	1,982,469,761	1,983,182,761	1,975,198,261	+9,913,000
9203	Legislative-Judiciary	87,063,993	102,349,911	82,305,945	82,355,945	98,748,141	98,773,141	98,197,494	−4,152,417
8067	State, Justice and Commerce	1,313,920,960	1,313,920,960	1,146,988,000	1,168,988,000	1,140,821,280	1,140,821,280	1,201,710,500	−112,210,460
7893	Treasury, Post Office	3,338,783,000	3,338,783,000	3,333,241,600	3,333,241,600	3,332,732,700	3,332,732,700	3,332,732,700	−6,050,300
	Total	44,129,742,057	44,208,559,415	42,269,283,321	42,342,647,898	42,773,464,258	43,132,330,258	42,668,315,103	−1,540,244,312

[1] Does not include $355,522,000 representing items budgeted for deposit to the United States Treasury as an offset to the use of foreign currencies. Language has been included authorizing such use without equal deposit in U. S. Treasury.

Mr. BRIDGES. Mr. President, so far as I know this is the second time in the last decade, and one of the few times in a quarter of a century, when the regular appropriation bills have been completed by the two Houses and sent to the President before the expiration of the fiscal year. This fortunate result has been accomplished by teamwork. The Senator from New Hampshire is proud to be chairman of the committee that has worked so conscientiously to make possible this achievement. I pay tribute to members of the committee representing both political parties.

There now remain only the supplemental appropriation bill, which will come before the Senate toward the latter part of the session, and the foreign aid bill, which has not yet been authorized by the Congress. Both bills yet to be acted upon are wholly outside the regular appropriation bills.

I am hopeful that the authorization for the foreign aid bill will soon be passed, so that by the middle of the

month we will be able to start hearings on the appropriations bill.

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

The Chair hears none. Without objection, the report is 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 9203, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S., *June 30, 1954.*

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 9, 11, 14, 15, 17, 23, 24, 25, 26, 27, 31, 32, 36, 40, 42, 43, 44, 45, 46, 47, and 63 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, and concur therein.

That the House recede from its disagreement to the amendment of the Senate numbered 22, and concur therein with an amendment, as follows: In lieu of the sum named in said amendment insert "$120,775."

Mr. BRIDGES. I move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 22.

The motion was agreed to.

Mr. FULBRIGHT subsequently said: Mr. President, I was not in the Chamber when the conference report on the legislative-judiciary appropriation bill was considered, although I had intended to be here.

I ask unanimous consent to have printed in the RECORD, at the end of the consideration of the conference report, an editorial entitled "It Is the National Library," published in the Washington Sunday Star of June 27, 1954.

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

IT IS THE NATIONAL LIBRARY

The Senate Appropriations Committee has voted to restore $785,388 of the $1,294,883 cut made in the Library of Congress allotment for fiscal 1955 by the House, and it certainly is to be hoped that both groups now will agree to granting the full amount needed in conference. Unless this is done many skilled and experienced employees of the Library must be dismissed; and the service of the Library both to the Congress and the country at large diminished accordingly in quantity and quality alike. The Library has been on a starvation diet for many years, and it is little short of a miracle that its staff has been able to perform as creditably as it has. To add to the existing difficulties by insisting upon arbitrary and obviously unwise contractions and restrictions would be contrary to sound public policy.

If the recent controversy over the Library's status and function yields no other result than that of reaffirming its historic character as the Nation's Library as well as the Congress', it will not have been useless. The Library of Congress never from the start was "an arm of the Congress" exclusively. It always has been the property and the concern of the whole American people, and as such without question it should be maintained adequately and operated efficiently at taxpayers' expense. That policy has paid in the past and should pay in the future. It has brought the Library gifts valued at more than $20 million in recent years. As far back as 1912 President William Howard Taft acknowledged a contribution from J. Pierpont Morgan in words which have special meaning today. "I note," he wrote to the donor, "that you wish to present this collection (of the papers of the signers of the Declaration of Independence) to the United States of America, to be placed in the National Library and administered therein by the Library authorities."

Mr. FULBRIGHT. Mr. President, I also ask unanimous consent to have printed in the RECORD, following action on the conference report on the Legislative-Judiciary appropriation bill, a table showing the effect of the conference report on the Library of Congress.

The table indicates that the action taken by the committee of conference, as disclosed in the conference report, will result in the abolition of 65 positions in the Library, because according to an estimate which has been prepared by the Library, at my request, I may say, the total effective reduction is $281,756. I desire to have the RECORD show very clearly what has been happening, because I do not believe the Senate or the people of the country as a whole wish substantially to curtail or injure the operations of the Library of Congress.

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

Library of Congress—Effect of conference report June 29, 1954

	Appropriations, 1954	Conference report	Increase or decrease	Expenses to be absorbed	Total effective reduction	Positions to be abolished
Salaries and expenses, Library of Congress	$4,810,272	$4,717,636	−$92,636	[1]−$26,500 [2]−68,935	−$188,071	44
Salaries and expenses, Copyright Office	1,100,000	1,100,000		[2]−19,548	−19,548	6
Salaries and expenses, Legislative Reference Service	901,721	875,000	−26,721	[2]−12,204	−38,925	7
Salaries and expenses, distribution of catalog cards	1,264,800	1,332,000	+67,200	[2]−11,412 [3]−43,500 [4]−40,000	−27,712	8
Increase of the Library of Congress, general	270,000	260,000	−10,000		−10,000	
Increase of the Law Library	90,000	90,000				
Books for the Supreme Court	22,500	25,000	+2,500		+2,500	
Books for the blind	1,000,000	1,000,000				
Total	9,459,293	9,399,636	−59,657	−222,099	−281,756	65

[1] Penalty-mail costs under Public Law 286, for which no provision has been made.
[2] Within-grade increases, required by law, for existing staff.
[3] Penalty-mail costs under Public Law 286, which will be passed on to card subscribers and be reimbursed to the Treasury.
[4] Purchase of copies of quinquennial catalog, for the printing of which arrangements have been made with a private publisher with a consequent saving of $158,895.

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954—CONFERENCE REPORT

Mr. AIKEN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to 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. I ask unanimous consent for its present consideration.

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

The legislative clerk read the report.

(For conference report, see House proceedings of June 30, 1954, pp. 9335–9338, CONGRESSIONAL RECORD.)

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

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

Mr. AIKEN. Mr. President, the conferees of the House and Senate unanimously agreed upon the provisions and the terminology of the bill as it was worked out in conference. I will explain the action of the conferees if it is so desired. If it is not, I ask unanimous consent to have an explanation of the action of the conferees printed in the RECORD at this point in my remarks.

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

EXPLANATION OF ACTION OF CONFEREES ON S. 2475

S. 2475 as it passed the Senate provided for the sale of surplus agricultural commodities for foreign currencies, and for the use of the foreign currencies so acquired for the purposes set out in subsections (b), (c), (d), and (e) of section 550 of the Mutual Security Act of 1951. The House amendment, which was in the nature of a substitute for the Senate bill, consisted of three titles. Title I revised and refined the provisions of the Senate bill. Title II added provisions for the transfer of up to $300 million worth of surplus commodities for famine and other foreign relief. Title III added (1) permanent provisions for the use of surplus agricultural commodities for domestic and foreign relief and for barter for strategic materials, (2) a limitation upon sales and transfers which might aid Iron-Curtain countries, and (3) a provision for the appropriate marking of relief packages. Programs under titles I and II could be undertaken only until June 30, 1957.

The conferees agreed upon a substitute for the House amendment which, while following generally the language of the House amendment, would—

1. Require the President to take reasonable precaution that sales for foreign currencies under title I would not unduly disrupt world prices;

2. Provide for the sale and financing of exportation of such commodities by the Commodity Credit Corporation in accordance with regulations, rather than directions, of the President;

3. Provide for financing the exportation of privately owned commodities, even though Commodity Credit Corporation might be in a position to supply such commodities, upon condition that the private stocks then be replenished from the Corporation's inventory;

4. Reduce the amount authorized for sales for foreign currencies from $1 billion to $7 million;

5. Limit the purposes for which the foreign currencies could be expended without regard to section 1415 of the Supplemental Appropriation Act, 1953 (which requires their appropriation), to the purposes enumerated in section 104, rather than to all of the purposes set forth in section 2;

6. Make said section 1415 applicable to all foreign currencies used for grants under subsections (d) and (e) of section 104 and for payment of United States obligations involving grants under subsection (f) of section 104;

7. Provide that in making grants under section 202 the President should avoid displacing or interfering with sales that might otherwise be made;

8. Strike out section 203, which would have permitted the use of $100 million worth of surplus agricultural commodities without regard to the Mutual Defense Assistance Control Act of 1951;

9. Enlarge section 301 to permit relief in domestic distress areas in the form of products (such as cheddar cheese and nonfat dry-milk solids), as well as farm commodities, and give the Department of Agriculture the responsibility of supervising distribution of commodities under this section consistent with the supervision that it exercises under secton 32 of Public Law 320 of the 74th Congress;

10. Perfect the amendment made by section 302 to section 416 of the Agricultural Act of 1949 and strike out State or Federal penal and corrective institutions as eligible recipients;

11. Strike out section 303, which would have made State penal and corrective institutions eligible recipients for commodities distributed with section 32 funds;

12. Enlarge section 304 (sec. 303 of the conference substitute) to provide for barter for materials required in foreign assistance programs or offshore construction and to require procurement agencies to cooperate in disposing of surplus commodities by means of such barter; and

13. Revise section 305 (sec. 304 of the conference substitute) to require the President to exercise the authority contained in the act (A) to assist friendly nations to be independent of trade with Iron Curtain countries for food, raw material, and markets, and (B) to assure that commodities sold or transferred under the act do not result in increased availability to unfriendly nations of those or like commodities.

The conference committee also made several minor changes in language and amended the title of the bill to read: "An act to increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes."

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

Mr. AIKEN. I yield.

Mr. HOLLAND. Mr. President, I should like to say that the report is a unanimous one. All the conferees of both the Senate and the House signed the report. We feel that the bill is an improvement over the one which passed the Senate. It contains the two points of view, first, that, out of the abundance of the productivity of our farms we should make some of it available to minister to the want and sufferings of others. That point of view is subserved by title II of the bill.

Second, that we should also recognize that with agriculture more seriously affected from the standpoint of diminished international trade than is true of any other segment of our economy, we are justified in doing all within our power to help to rebuild the markets for our agriculture abroad. That objective is subserved in title I of the bill.

I think it is a completely nonpartisan and bipartisan measure providing for the intelligent use of our abundant agricultural resources and an intelligent plan to help those products of our agricultural economy which are unfortunately in a high-surplus situation.

Mr. President, I congratulate the distinguished Senator from Vermont upon his leadership in this matter, as also the senior Senator from Kansas, who, I believe, was the author of the Senate bill. I believe this bill marks a very real step forward in both of the fields which I have mentioned.

Mr. AIKEN. Mr. President, the members of the committee worked diligently and conscientiously to find the proper wording for the provisions of the bill.

I move that the Senate agree to the conference report.

The PRESIDING OFFICER. The question is on the motion of the Senator from Vermont that the Senate agree to the conference report.

The motion was agreed to.

TRANSACTION OF ROUTINE BUSINESS

The PRESIDING OFFICER. Under the order previously entered, morning business is now in order, under the application of the 2-minute rule.

EXECUTIVE COMMUNICATIONS, ETC.

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

CONTROL OF INCIPIENT OR EMERGENCY OUTBREAKS OF INSECT PESTS OR PLANT DISEASES

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the act of April 6, 1937, as amended, to include cooperation with the Governments of Canada or Mexico or local Canadian or Mexican authorities for the control of incipient or emergency outbreaks of insect pests or plant diseases (with an accompanying paper); to the Committee on Agriculture and Forestry.

FIXING OF FEES PAYABLE TO PATENT OFFICE

A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to fix the fees payable to the Patent Office and for other purposes (with accompanying papers); to the Committee on the Judiciary.

REPORT ON OPERATION OF TRADE AGREEMENTS PROGRAM

A letter from the Chairman, United States Tariff Commission, transmitting, pursuant to Executive Order 10082, dated October 5, 1949, a report by that Commission on the operation of the Trade Agreements Program (with an accompanying report); to the Committee on Finance.

ARMED FORCES DAY—RESOLUTION OF ALLIED VETERANS COUNCIL OF MILWAUKEE COUNTY, WIS.

Mr. WILEY. Mr. President, I received yesterday from Lester J. Dencker, president of the Allied Veterans Council of Milwaukee County, a resolution on the important issue of appropriate remembrance of the sacrifices of America's heroes through Memorial Day and appropriate recognition of United States defense needs through Armed Forces Day.

The Allied Veterans Council is concerned that there is overlapping between the May 15 and May 30 observances of these respective occasions.

I believe that this resolution, to change the date of the latter observance, and similar expressions on this problem by other leading veterans' organizations and groups of organizations deserve careful consideration.

I present the resolution, and ask unanimous consent that it be printed at this point in the RECORD, preceded by a listing of the dozen Milwaukee organizations represented in the Allied Veterans Council, and that thereafter the resolution be appropriately referred to the Senate Judiciary Committee.

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

ALLIED VETERANS COUNCIL OF MILWAUKEE COUNTY, MILWAUKEE, WIS.—RESOLUTION ON ARMED FORCES DAY

Whereas Memorial Day was established May 5, 1868, by Gen. John A. Logan, and has been observed since then, not only by the Armed Forces and veterans' groups, but by all the people of this great Nation as a day on which we honor the memory of those members of the Armed Forces who made the supreme sacrifice in defense of their beloved country; and

Whereas for the past several years, Armed Forces Day has been observed on May 15 to honor our great military and naval forces; and

Whereas veterans' groups as well as all the people desire to participate in this fine program, we find it impossible for veterans' groups with their bands, drum corps, and uniformed marching groups to take part in 2 big parades in 1 month, and also because 1 observance detracts from the other: Therefore be it

Resolved by the Allied Veterans Council of Milwaukee County, That the Department of National Defense be and is hereby requested to set a date other than in the month of May or June to observe Armed Forces Day.

LESTER J. DENCKER,
President.

RICHARD D. CAREY,
Chairman, Veterans Affairs.

(Affiliated veteran organizations: Disabled War Veterans; Military Order of the Purple Heart; Navy Club of the United States of America; Jewish War Veterans of United States; China, Burma, India Veterans Association; Grand Army of the Republic Active to the Last Survivor; United Spanish War Veterans; Army and Navy Union; Veterans of Foreign Wars; Marine Corps League; Catholic War Veterans; AMVETS—American Veterans of World War II.)

REPORT OF A COMMITTEE

The following report of a committee was submitted:

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

S. 2864. A bill to approve an amendatory repayment contract negotiated with the North Unit Irrigation District, to authorize construction of Haystack Reservoir on the Deschutes Federal reclamation project, and for other purposes; with an amendment (Rept. No. 1698).

AMENDMENT OF ATOMIC ENERGY ACT OF 1946, AS AMENDED—REPORT OF A COMMITTEE

Mr. HICKENLOOPER. Mr. President, from the Joint Committee on Atomic Energy, I report favorably an original bill to amend the Atomic Energy Act of 1946, as amended, and for other purposes, and I submit a report (No. 1699) thereon.

The PRESIDING OFFICER (Mr. SALTONSTALL in the chair). The report will be received, and the bill will be placed on the calendar.

The bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes, reported by Mr. HICKENLOOPER from the Joint Committee on Atomic Energy, was read twice by its title and placed on the calendar.

BILLS INTRODUCED

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

By Mr. AIKEN:

S. 3686. A bill to increase the borrowing power of Commodity Credit Corporation; to the Committee on Agriculture and Forestry.

By Mr. BRICKER (for himself, Mr. McCARRAN, Mr. JOHNSON of Colorado, Mr. WELKER, and Mr. GOLDWATER):

S. 3687. A bill to provide the highest degree of safety in the protection of the public interest and in accordance with proven operational experience and tested reliability; and to promote adequate, economical, and efficient air service by carriers, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to the Committee on Interstate and Foreign Commerce.

By Mr. SYMINGTON:

S. 3688. A bill for the relief of Helga Schart Coulson; and

S. 3689. A bill for the relief of Gisela Nagel (nee Maireder); to the Committee on the Judiciary.

By Mr. HICKENLOOPER:

S. 3690. A bill to amend the Atomic Energy Act of 1946, as amended, and for other purposes; placed on the calendar.

(See the remarks of Mr. HICKENLOOPER when he reported the above bill from the Joint Committee on Atomic Energy, which appear under a separate heading.)

INVESTIGATION OF CRITICAL RAW MATERIALS

Mr. BUTLER of Nebraska submitted the following resolution (S. Res. 271), which was referred to the Committee on Interior and Insular Affairs:

Resolved, That the Senate Committee on Interior and Insular Affairs, or any duly authorized subcommittee thereof, is authorized and directed (1) to (continue) investigate and study the accessibility of critical raw materials to the United States in time of war and for the expanding economy in time of peace; (2) to make a full and complete investigation and study of new developments and discovery of materials including synthetics which may be used as substitutes and replacements of critical materials, and further to study the progress of research programs, pilot-plant operations, processing and beneficiating methods of critical materials and minerals including fuels; (3) to make a full and complete investigation and study of the best means, methods, and devices to foster the greatest measure of self-sufficiency of critical materials that can be produced within the United States and the Western Hemisphere and to expand and develop the strategic minerals industry; (4) to make a full and complete investigation, and study the status of the stockpile program, its goals, methods, and amounts of acquisition, storage, warehousing, and rotation programs; (5) to make a full and complete investigation and study the available fuel reserves of the United States and the Government regulations affecting such resources and to formulate and recommend a national fuel policy to assure maximum availability to meet the needs of the peacetime economy and for the national security in time of war; and (6) to report to the Senate at the earliest possible date, not later than January 31, 1955, the results of its investigation and study, together with its recommendations.

SEC. 2. For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to employ upon a temporary basis such technical, clerical, and other assistants as it deems advisable, and is authorized, with the consent of the head of the departments or agency concerned, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government, or of qualified private organizations and individuals. The expenses of the committee under this resolution, which shall not exceed $34,000, together with any unexpended balances remaining from the authority of Senate Resolution 143, agreed to July 20, 1953, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

REVISION OF INTERNAL REVENUE LAWS—AMENDMENTS

Mr. MAGNUSON (for himself, Mr. MAYBANK, and Mr. JACKSON) submitted an amendment intended to be proposed by them, jointly, 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. KILGORE 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. HUMPHREY 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. McCARRAN 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. SPARKMAN 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.

Mr. ROBERTSON 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. DOUGLAS 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. DOUGLAS (for himself, Mr. GILLETTE and Mr. HUMPHREY) submitted an amendment intended to be proposed by them, jointly, to House bill 8300, supra, which was ordered to lie on the table and to be printed.

Mr. FERGUSON 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. HUMPHREY (for himself, Mr. DOUGLAS, and Mr. GILLETTE) submitted amendments intended to be proposed by them, jointly, to House bill 8300, supra, which were ordered to lie on the table and to be printed.

Mr. DWORSHAK 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.

Mr. DIRKSEN 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.

Mr. GORE 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.

Mr. MILLIKIN 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.

Mr. CAPEHART 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. FLANDERS (for himself, Mr. KENNEDY, Mr. CORDON, Mr. SALTONSTALL, Mr. PAYNE, Mr. GREEN, Mr. SMITH of New Jersey, Mr. PURTELL, Mr. FERGUSON, Mr. BUSH, Mr. BRIDGES, Mr. CASE, Mr. UPTON, and Mr. KERR) submitted an amendment intended to be proposed by them, jointly, to House bill 8300, supra, which was ordered to lie on the table and to be printed.

NOTICE OF HEARINGS ON PROPOSED LEGISLATION RELATING TO THE NATIONAL DEFENSE AND CERTAIN SECURITY MEASURES

Mr. LANGER. Mr. President, on behalf of a subcommittee of the Committee on the Judiciary, I desire to give notice that public hearings have been scheduled beginning Thursday, July 8, 1954, at 10 a. m., in room 424, Senate Office Building, on a series of bills relating to the national defense and certain security measures. The bills are as follows:

S. 3427, to provide a machinery to liquidate Communist-controlled organizations which are in a position to affect adversely the national defense or security.

S. 3428, to authorize the Federal Government to guard strategic defense

facilities against individuals believed to be disposed to commit acts of sabotage, espionage, or other subversion.

S. 3439, to amend section 794 of title 18, United States Code, relating to espionage.

S. 3459, to amend sections 2151, 2153, 2154, 2155, and 2156 of title 18, United States Code, relating to sabotage.

S. 3474, to amend title 18, United States Code, chapter 79, to add a new section, 1623, to extend the law relating to perjury to the willful giving of contradictory statements under oath.

S. 3475, to require the registration of certain persons who have knowledge of or have received instruction or assignment in the espionage, counterespionage, or sabotage service or tactics of a foreign government or foreign political party, and for other purposes.

Persons interested in appearing and testifying on any of these bills should communicate with the committee. The subcommittee consists of myself, chairman, the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from South Carolina [Mr. JOHNSTON].

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. WILEY:

Statement prepared by him with reference to outstanding forward step by the University of Wisconsin in contributing to the health of the people.

RESOLUTION OF KIWANIS INTERNATIONAL

Mr. WILEY. Mr. President, I have been pleased to receive from O. E. Peterson, secretary of Kiwanis International, a series of resolutions adopted by the recent convention in Miami, in which delegates representing over 3,800 Kiwanis Clubs and the membership of over a quarter of a million commented on numerous Federal, State, and local problems. I believe that these resolution are a most welcome contribution to the thinking of the American people and their leaders.

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

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

RESOLUTIONS 1954

1. THIS, KIWANIANS BELIEVE

Kiwanis believes in the free man.

The free man is a free citizen.

He is free to think, to learn, to speak, to worship, to meet with other free men, to elect his representatives and to limit their power. He may be accused and tried only by the due and historic process of the law.

The free man is responsible.

As he prizes his own freedoms, he jealously guards them for his fellow citizens. He studies the issues of his day and his community. He decides them on merit. He utters and votes these decisions. He is loyal to his country. He is loyal to the ideal of freedom for men in all countries.

The free man is a gentleman.

He knows that democratic government operates by resolving controversies within the limits of law and mutual respect. He debates issues and not personalities. He respects the rights, customs, beliefs, and institutions of other men—requiring only the same of them.

The free man is a spiritual man.

He ascribes all wisdom to the Creator and not to men. He believes he can earn his spiritual way only by service to others. He seeks blessings for all, and not credits for himself.

He is the man we Kiwanians pledge ourselves to try to be. He is the man, who, one day, with God's help, will set our world firmly upon its spiritual axis.

He is the free man.

2. THE UNITED NATIONS AND ATOMIC WEAPONS

Whereas Kiwanis International believes that world peace and security can best be obtained by an association of nations acting in good faith in their relations with one another; and

Whereas we reaffirm our faith in the principles upon which the United Nations was founded; and

Whereas Kiwanis has previously called on the world to note the willingness of the United States and Canada to restrict the manufacture of armaments and to control atomic energy and weapons; and

Whereas we deplore the refusal of the Russian Government and its satellite nations to act on these and similar matters except on their own terms: Now, therefore, be it

Resolved, That we urge continued undiminished development of atomic power and other defensive measures until the Soviet Union has permitted open inspection and effective control of its atomic stockpile and production facilities, and has demonstrated by positive action its acceptance of the proposal of the President of the United States for peaceful control and utilization of atomic energy; and be it further

Resolved, That in the conference scheduled for 1955 to review the United Nations Charter, efforts be made to find means to curb those nations who continually obstruct, by abuse of the veto, the endeavors of other member nations to bring about world peace.

3. GOVERNMENTAL CONTROLS

Our two nations have grown strong and prosperous and our peoples have enjoyed a matchless standard of living under free governments which have encouraged individual initiative and private capitalism.

The necessities of all-out war required numerous Federal restrictions on our freedoms. Many of these controls have not been relinquished, and we have become increasingly lax in recognizing the dangers inherent in exchanging our freedoms for grants, subsidies and aids.

Therefore, Kiwanis International, long time champion of free enterprise, again urges all citizens to protest and resist encroachments on individual liberties and to insist on surrender of Federal controls which properly belong to local, State, and provincial governmental units.

4. HIGHWAY SAFETY

We believe that the appalling loss of life, the crippling injuries and financial disasters which are the direct and indirect result of traffic accidents can be substantially reduced by the complete cooperation of all of our citizens from top level public officials down to the driver. Therefore be it

Resolved, That every Kiwanis club should promote a program of highway safety, as follows:

1. The president of each club to appoint a special committee on "Highway Safety."

2. Each Kiwanian to pledge that he will drive safely and with courtesy, and will encourage others to make a similar pledge.

3. Furnish car stickers showing that the driver has pledged that he will drive with safety and courtesy.

4. Work for adoption of standard traffic laws and regulations throughout the United States and Canada.

5. Strive for elimination of known danger spots and all improperly equipped and dangerous vehicles from our highways.

6. Revocation or suspension of drivers' licenses of those who are physically, mentally, or emotionally unable to operate motor vehicles in a safe manner, or who are convicted of major violations.

7. Stress and support proper drivers' training programs and encourage adoption of universal drivers' training as a requirement for license.

8. Teach, preach, and encourage highway safety in schools, churches, and homes.

9. Rigid, prompt, and impartial enforcement of traffic laws.

5. PUBLIC SCHOOLS

Public schools which produce literate youth for future citizenship are basic in a system of self-government.

Our schools are under attack from various sources for the quality and nature of their instruction.

Kiwanis is proud to number among its members thousands of devoted public schoolmen and other thousands who are members of school boards.

However, it is necessary that there be a wider participation of Kiwanians in school affairs in order that our schools may be protected and improved.

Clubs should develop the community leadership to see that school plants are modern and adequate, and that teachers' salaries are sufficient to attract and hold competent career men and women.

A serious shortage of teachers now exists in many communities. Professionally trained instructors whose first love is teaching are being lost because salaries are too low to permit appropriate standards of living.

Our clubs, therefore, should undertake the leadership in raising the prestige of the teaching profession in their communities in order to attract capable men and women. Every club is urged to hold an annual teachers' recognition day, at which time due honor be paid to this important profession.

6. JUVENILE DELINQUENCY AND VANDALISM

The shocking rise in juvenile delinquency has become a national crime problem, costing society a tremendous sum in the destruction of property and bringing an appalling number of youth into detention.

Work with boys and girls has always been the major activity of Kiwanis, and the millions of dollars and millions of man-hours expended annually by Kiwanians in creating and directing wholesome youth activities have been of incalculable benefit in producing good citizens.

Nevertheless, the savage brutality spawned by the war, the tension of the times, the widespread disregard of law and order and the decline of home and parental authority make it imperative that Kiwanis clubs, Key clubs, Circle K clubs, and all other community groups concerned with youth redouble their efforts to promote constructive youth activities that will counteract delinquency and vandalism.

Our clubs should also cooperate with the proper authorities in seeking to corect contributory causes such as broken homes, slum conditions, children abandoned while parents work, and those movies, newsstand publications, and radio and television programs which stimulate immature minds to sex crimes, vandalism, and other violence.

7. SUPPORT OF CHURCHES

Whereas the first object of Kiwanis—to give primacy to the human and spiritual

rather than to the material values of life—recognizes that character and a firm belief in God are fundamental; and

Whereas confusion and worldliness are corrupting the moral and spiritual thinking of our peoples; and

Whereas mankind will save or destroy itself according as men acknowledge and serve their Maker;

Now, therefore, Kiwanis International calls upon:

1. Each Kiwanian to place service to God and his neighbor at the center of his life.

2. Each club to promote actively the traditional Kiwanis objective of supporting churches in their spiritual aims.

8. RECOGNITION DAYS FOR WORTHY PUBLIC OFFICIALS

Whereas to promote the highest possible respect for and efficiency in Government, it is essential that men and women of character and ability be elected to public office; and

Whereas in all levels of government there are many such officials; and

Whereas merely voting for and electing such men and women does not exhaust our responsibility as good citizens, but there is also a continuing duty to uphold such officials in their efforts to provide good government and to commend them publicly as well as privately for their good works: Now, therefore, be it

Resolved, That clubs throughout Kiwanis international honor worthy public officials through appropriate Kiwanis-sponsored recognition days.

9. GET OUT THE VOTE

Kiwanis has repeatedly declared that the preservation of our self-governing society requires the enlightened participation of every citizen in its public elections; and

Whereas the ballot battalion of Kiwanas was signally successful in the recent elections.

Now, therefore, we urge each club to utilize its organization and experience with this plan in a "get out the vote" campaign for the coming elections.

10. FORTIETH ANNIVERSARY OF KIWANIS INTERNATIONAL

Forty years of service by Kiwanis International to our two countries and to their thousands of communities will culminate in January 1955, the 40th anniversary of this organization.

This outstanding occasion should be observed by Kiwanis International, our districts and clubs by appropriate tributes to its significant achievements.

As one feature of our 40th anniversary, we pledge ourselves to work for the goals of 250,000 members and 4,000 Kiwanis clubs by the time of the 1955 convention.

FEDERAL HOUSING PROGRAM

Mr. BYRD. Mr. President, I am convinced that the whole Federal housing program constitutes the greatest invitation to malfeasance and moral turpitude perpetrated by the Federal Government in recent times, and the Joint Committee on Reduction of Nonessential Federal Expenditures has requested full investigation into all Housing and Home Finance Agency units with loan, insurance, and grant authority totaling $30 billion.

The base practices by both Federal officials and private borrowers under the $3.4 billion section 608 program are known. But this is only 1 of 14 programs with insurance on housing loans totaling $26 billion under the Federal Housing Administration, and FHA is only 1 of 3 big housing programs and numerous smaller ones under the Housing and Home Finance Agency.

Albert M. Cole, Housing and Home Finance Agency Administrator, in response to committee inquiry, has admitted illegal and improper activities in the $1.5 billion slum-clearance program which, under acceleration provided in the pending new housing bill, may develop insidiously to spread an epidemic of scandal among local governments if it has not already done so.

The Senate may find it hard to believe, but as incredulous as it may sound, the Public Housing Authority has advised the committee that it does not know the total of its loans and to date has been unable to calculate it. The facts are, however, that PHA may have $1.5 billion in loans outstanding at any one time, and it may subsidize rents to the extent of $355 million a year.

Realizing the possibilities of graft, fraud, corruption, and temptations to other immoralities inherent in these programs, the committee on April 20 forecast the need for investigation of all these programs. Mr. Cole was asked to purge all of them on May 3, and again on June 14.

Now, with continuing disclosure of venality, in a letter of June 25, he has advised the Committee that "all insurance programs of the Federal Housing Administration are under investigation," and that "investigative procedures are set up to handle matters relating to slum clearance, public housing, and educational institution housing loans."

It is high time that the Housing and Home Finance Agency should clean all the houses under its roof.

With all that has been brought out about the 608 programs under FHA, Mr. Cole in his June 25 letter concedes that FHA has not been "vigilant in exercising its rights as a preferred stockholder" to prevent the use of all sorts of devices for windfalls; that it has been "indifferent to disclosures of substance in financial reports;" and that "there may still remain among present employees of FHA some who may have engaged in irregular practices."

William F. McKenna, the HHFA investigator, has corroborated the committee's contention that the FHA investigation would find itself led beyond the 608 program and into all the others including the 213 co-op program and the programs under sections 203 and 207, which Mr. McKenna has mentioned. He might as well be prepared to get into the defense area and the military installation programs under sections 803 and 908 and all of the others.

As to the other two agencies in HHFA big three—slum clearance and public housing—Mr. Cole has already admitted illegality and irregularity has been found in slum clearance, and there is no reason to think the situation is different in the Public Housing Administration, which does not even know the total of the loans it has made.

Mr. Cole has contended that as Housing and Home Finance Administrator he did not have authority commensurate with his responsibilities for all of the 25 to 30 programs under him, and particularly those under FHA and PHA which have separate commissioners. I tried to provide him with this authority by amendment to the housing bill when it was before the Senate, but I was persuaded to withdraw the amendment with the understanding that a reorganization plan to accomplish the same purpose was to be forthcoming before the end of the current session of Congress. I have not seen such a reorganization plan to date. I hope it will be before the Senate shortly.

Mr. President, I ask unanimous consent to have inserted in the RECORD as a part of these remarks an abstract of a 31-page letter from Mr. Albert M. Cole, dated June 23, 1954, in which he describes practices in the slum-clearance program and illegality and impropriety he has found, and a letter from Mr. Cole, dated June 25, 1954, in which he says his investigation has been extended to all programs under FHA, and to all agencies under the Housing and Home Finance Administration including the Slum Clearance Division and the Public Housing Administration.

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

Mr. Albert M. Cole, Housing and Home Finance Agency Administrator, has advised the Joint Committee on Reduction of Nonessential Federal Expenditures that illegal and improper activities have been found in the $1.5 billion Federal slum-clearance program.

Two cases were cited in response to the committee's request for instances of collusion and other exploitation in the program known to date, and a statement as to the safeguards established to preclude collusion and exploitation. One of the cases was in Murfreesboro, Tenn., and the other was in Jersey City, N. J.

In a letter to local public agencies promoting slum-clearance projects, dated May 11, 1954, Mr. J. W. Follin, Director, Slum Clearance Division, HHFA, said, "In a recent case, certain staff officers of a local public agency have been accused of accepting and giving kickbacks, of having conflicts of interest * * * and of engaging in other improprieties violative of contract provisions and perhaps of applicable statutory provisions."

Describing the Murfreesboro case, Mr. Cole said it involved an attorney, employed to run titles on property for the project, who acquired some of the property and conveyed his interest to the local recreation board whose chairman was also chairman of the slum-clearance agency. The recreation board was to sell the property to the slum-clearance agency for more than the attorney paid for it. Meanwhile, the attorney became assistant executive director of the slum-clearance agency, and his law firm was retained by the agency. After the case came to light, the slum-clearance agency bought the land at the price paid by the attorney, and the law firm contract was disapproved.

In the Jersey City case, Mr. Cole said the local agency's executive director established an architectural firm which was given agency contracts and it was also retained by a private redeveloper who wanted some of the land. Mr. Cole said futher that the agency's technical adviser had a planning contract with the agency and made payments to both the executive director and his architectural firm. In addition, according to Mr. Cole, the executive director received substantial payments directly from the agency, presumably for accumulated leave. The executive director and the technical adviser have been dis-

missed, and the leave payments are under investigation.

The slum-clearance program is the second of the big-three housing programs—Federal Housing Administration, Slum Clearance, and Public Housing Administration—under Housing and Home Finance Agency in which irregularities have been disclosed. The program deals primarily with acquisition and sale of land for slum-clearance projects, with the Federal Government paying two-thirds of the loss.

Through May 31, Mr. Cole reported, there were 166 projects approved for final planning or development. The program is scheduled for acceleration under the new housing bill now in conference committee. Costs of the 166 projects were estimated at $687 million, with the Federal Government to put up $563 million, or 82 percent—$346 million in loans and $217 million in grants. Local outlays were estimated at $124 million—$53 million in cash and $71 million in non-cash contributions.

Mr. Cole's disclosures were in response to a continuing inquiry by the Joint Committee on Reduction of Nonessential Federal Expenditures into housing programs which started with FHA more than a year ago. His answers to other committee questions are summarized as follows:

1. The volume of loans to be insured by FHA for housing projects on land cleared under the slum clearance program "will increase materially."

2. It is possible for the Federal Government to stand more than two-thirds of the loss on projects under a given "local public agency" if the Federal payments do not exceed two-thirds of the aggregate loss on all projects under the agency.

3. Although provision is made in the law for loans to cover the costs of public buildings and facilities in open project areas, no such loans have been made.

4. The cost of parks, playgrounds and public buildings may be counted as part of the local contribution, and along with the cost of the land may be calculated into the gross project cost, and therefore into the loss on which the Federal grant is based.

5. Prior to Mr. Cole's administration, the Housing and Home Finance Agency approved the Columbus Circle Project in New York City with plans contemplating the sale of part of the land taken over for slum clearance to the Triborough Bridge and Tunnel Authority for construction of a coliseum. The cost of the land to be sold to the Triborough Bridge and Tunnel Authority was estimated at $6.8 million. The price to be paid by the Authority was $2.2 million, with some $300,000 to be spent by the Authority in clearing the land. The loss was to be calculated into the basis on which the Federal grant was to be made. The design of the coliseum structure was altered locally and Mr. Cole said the "project is now under consideration to determine the rights of the Government."

6. Mr. Cole said that under the law capital grants are made to local agencies "to make land in project areas available for redevelopment at its fair value for uses specified in the redevelopment plan."

7. Mr. Cole said the Washington Square Southeast project in New York, where it was estimated locally that acquisition of the property would cost an average of $19.88 per square foot and that resale in present condition would average $9.47 per square foot or $12.47 per square foot if cleared, is under "review" by the Federal Division of Slum Clearance and Urban Redevelopment.

8. Mr. Cole said under the slum clearance program private property may be taken from one private owner for disposition to another private owner for commercial or industrial use for profit, and cited the law as saying: "A slum area or a deteriorated or deteriorating area which is predominantly residential in character may be redeveloped for any uses determined to be appropriate, including commercial and industrial uses." He cited figures showing that, exclusive of streets, alleys, and other public rights-of-way, 29 percent of the area in 61 projects through April 30 was to be used for commercial and industrial purposes, 43½ percent for dwelling purposes, and 27½ percent for public and semi-public purposes.

9. The Housing and Home Finance Agency has no policy with respect to whether the property is resold to local or outside interests.

10. There have been some instances in which prices paid for land have been increased over the initial offering price to avoid litigation or condemnation.

11. With respect to the autonomy of local public agencies, Mr. Cole said they are expected to carry out their projects in accordance with requirements of State law as well as Federal law."

12. The Housing and Home Finance Agency has made model State enabling legislation available to State legislatures, model ordinances, resolutions, and forms available to local governments, and it has analyzed local zoning ordinances, housing codes, and building regulations.

13. Mr. Cole said the National Association of Housing and Redevelopment officials "has assisted us by conferring with us from time to time with respect to the program and by reviewing and commenting upon proposed procedures, policies, and forms."

14. Federal advance payments on abandoned or invalidated projects as of May 31 totaled a net loss of $763,829.

HOUSING AND HOME FINANCE AGENCY,
Washington D. C., June 25, 1954.

Hon. HARRY F. BYRD,
United States Senate,
Washington, D. C.

DEAR SENATOR BYRD: I have your letter of June 15, 1954.

Perhaps the answer will be clearer if we respond first to the last three paragraphs of your letter which pertain to the scope of the pending investigation.

All insurance programs of the Federal Housing Administration are under investigation. This includes programs under sections 203, 207, 213, 608–610, 609, 611, 803, and 908 in addition to section 608 and title I of the National Housing Act.

For practical reasons, we will not undertake to obtain, by audits and field investigations, an overall estimate of amounts mortgaged out under the section 608 program, or even a complete listing of cases in which there has been mortgaging out. Audits and investigations should hardly be authorized to get that information only, entailing a substantial expenditure with respect to each project, when that information is available to the Government by perusal of income-tax returns, involving perhaps only a few minutes study of each return by one man.

Accordingly, taking the indicated cases of mortgaging out, any reports or allegations of irregularities directed at specific projects, and other leads, plus a geographic sampling process, and after an elimination of several times as many unpromising cases by preliminary study, 300 section 608 projects, the commitments for which were issued principally in the latter part of the section 608 program, have been selected for audit of FHA files. On the basis of these audits, field investigations are used to develop information not otherwise obtainable.

We will, accordingly, shortly have 300 audited 608 cases. During the course of the investigation, this number will be added to as indicated by further leads, evidences of additional outstanding cases of mortgaging out of which any agency or committee having access to income-tax returns may advise the investigators, and the results of the questionnaire which I discuss later.

From the completed files, pilot cases are selected for referral to the Department of Justice. On the basis of these pilot cases, the Department of Justice will make the necessary decisions of whether a criminal or civil case is likely, and what additional information, if any, may be necessary to make such a case. The fate of these pilot cases can be expected to influence what action should be taken with respect to other section 608 cases, including those not audited.

For various reasons, including a test of our sampling process, a questionnaire has been directed to all section 608 projects. A copy of that questionnaire is enclosed. Failures to reply satisfactorily to that questionnaire will, in the least, indicate a possible need for further investigation of the nonresponding corporation. The responses to the questionnaire will also provide overall statistics as well as individual case data.

Substantially the same program is in process with respect to section 207, section 213, section 803, and section 908 operations of FHA, except that no questionnaires have yet been directed. In addition, more limited studies are in progress with respect to section 608–10, section 609, and section 611. The investigation covers the use of section 203 for multifamily rental housing projects, and, in a much more general way, the section 203 program of FHA.

The current special investigation is limited to FHA operations. However, regular investigative procedures are set up to handle matters relating to slum clearance, public housing, and educational institution housing programs. Any allegations or leads regarding these programs would be promptly investigated and these programs are subject to continuing periodic audit.

The other specific questions asked by your letter are hereinafter set forth with answers.

"The report says 214 cases had been reviewed through June 4. Does this mean that approximately 3 percent of the 7,068 loans insured under this program had been audited as of that date?"

The 214 section 608 cases referred to in the interim report dated June 11, 1954, represent those cases which had been audited up to June 4 and in which loans exceeded costs, and do represent approximately 3 percent of the total number (approximately 7,068) of cases in which section 608 loans were made. These cases were selected from several times as many which were reviewed in a preliminary way. Other cases have been audited, but do not, at least without the benefit of field investigation, show mortgaging out.

"The report says FHA-insured mortgage loans in these 214 cases totaled $272,646,300, that the reported cost of the projects for which these loans were insured totaled $234,486,277, and that the total windfall in these cases was $39,481,126. Does this mean that loans audited through June 4 represented less than 1 percent of the $3.4 billion in loans insured by the Federal Housing Administration under the 608 programs?"

Loans audited through June 4 represented less than 1 percent of the $3.4 billion in loans insured by the Federal Housing Administration under the 608 programs. Reference is made, however, to the answer to the preceding question.

"The report says in all cases reviewed FHA issued the insurance commitments in 1952 or earlier. For which projects covered by this report did the FHA make insurance commitments after March 1, 1950; have any 608 commitments been made since 1952; are any eligible applications still pending?"

The information necessary to answer this question is now being compiled by my staff and will be forwarded to you as soon as available.

"The report says devices were used for the distribution of windfalls, including not only the declaration of dividends out of mortgage proceeds, but also redemption of stock at inflated prices, exorbitant management fees, excessive payments to services to corporations owned by the sponsors, loans by the corporations to their principals to be paid when and if the principals decide * * * the making of leases for long-term use of land between sponsors and the principal stockholders as individuals * * * the use of multiple corporations, all with the same owners, with each taking its cut, etc. The law says 'To be eligible for insurance under this section a mortgage shall meet the following conditions: (1) the mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed $100 stock or interest in any such mortgagor, as the Commissioner may deem necessary to render effective such restrictions or regulation.' I have raised this question generally before. It is still unanswered in your replies. With respect to the projects covered in this report, to what extent did the Federal Housing Administration exercise these rights as set forth in the law and in the charters?"

FHA regulations and the charters of all 608 mortgagor corporations, except in cases where loans were less than $200,000 and made prior to 1948, contain provisions governing the matters mentioned in this question. In addition, such regulations and provisions require that the corporations furnish annual financial reports and make them subject to audit whenever FHA requires. However, our investigation to date has disclosed that, except for requiring rent increases to be approved and financial reports to be made, FHA does not appear to have been generally vigilant in exercising the rights accorded FHA, as a preferred stockholder, under the act or the regulations and the charter provisions of the mortgagor corporations. In addition, FHA appears generally to have been indifferent to the disclosures of substance in the financial reports received.

"The report says your investigation already has demonstrated beyond question that certain promoters were aided and guided by former top FHA officials in the windfall practices. As I have suggested before, shouldn't you now make public the names of these 'former officials'; and shouldn't you make public also the identity of the promoters who engaged in these irregular practices?

"Are there any remaining FHA employees who engaged in these or similar practices in this or other programs?

"In this connection an answer is requested to my letter of May 12 with respect to FHA organizations, division responsibility, and personal authority."

With respect to this question, I wish to invite your attention to my letter to you of May 17, 1954, setting forth my statement of policy regarding the public disclosure of the facts developed and substantiated by our investigation. As there stated, the policy is to make such disclosure as quickly as possible where such action will not prejudice the prosecution of culpable individuals or subject the innocent to unfair innuendoes. The publication of the Interim Report dated June 11, 1954, is, I believe, in keeping with this policy. In this connection, it is pointed out that undoubtedly there may still remain among the present employees of FHA some who may have engaged in irregular practices in administering the 608 or other programs. However, one phase of our investigation is concentrated on possible personnel complicity in program irregularities and some further disciplinary actions are already in process.

The material requested by your letters of May 12 and May 14 has now been secured and will be assembled and forwarded in a short time.

Please feel free to call on me at any time.

Sincerely yours,

ALBERT M. COLE,
Administrator.

REVISION OF UNITED NATIONS CHARTER

Mr. GILLETTE. Mr. President, I have the privilege of serving on a Subcommittee of the Foreign Relations Committee which is studying proposals for revision of the United Nations Charter in anticipation of a Charter Review Conference expected to be called after the 1955 session of the United Nations General Assembly.

I wish to direct attention to the outstanding contribution to this important task being made by the distinguished chairman of that subcommittee, the Senator from Wisconsin [Mr. WILEY].

For the first time in the history of the Senate, he has undertaken to carry an issue of major importance to the foreign policy of the United States directly to the people of the country for extensive discussion and deliberation. At his direction the subcommittee has already held public hearings in Akron, Milwaukee, Greensboro, Louisville, and Des Moines. Invitations from the mayors of a large number of other cities have come to the subcommittee, many of which will undoubtedly be accepted before we complete our assignment.

The chairman has given freely of his time on weekends to make these hearings possible. He has sat through grueling day-long sessions taking testimony from as many as 50 witnesses in a single day. He has insisted that all points of view be heard. He has been gracious, courteous and impartial.

He has stressed that the purpose of these hearings is not to conduct a popularity contest or a Gallup poll for or against any particular approach to the United Nations. The emphasis, in my opinion properly, has been placed on consideration of any and all ideas which might bear on the question of safeguarding this Nation in a world at peace.

The response to these hearings has been remarkable. Valuable suggestions and new ideas have been obtained from people in the cities we have visited. The members of the subcommittee have learned much of great significance about America's thinking on this vital question. Witnesses and audiences alike have been impressed by the chairmanship of the distinguished Senator from Wisconsin. His leadership in this work has served to illuminate and clarify the issues involved in world peace and international organization.

To illustrate the reaction of citizens to the chairman and the subcommittee, I have secured from the files a number of typical letters which people across the Nation have voluntarily submitted. The chairman does not know that I have taken this upon myself, but I feel sure he will pose no objection.

These letters are merely a sample of the many others in the subcommittee files. They come from Americans in all walks of life. They express warm support for the idea of hearings on foreign policy in communities outside Washington. And they uniformly commend the chairman for his able conduct of these hearings and of the entire study.

I ask unanimous consent to have pertinent extracts from these letters printed at the conclusion of my remarks.

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

LOS ALTOS, CALIF., *March 18, 1954.*

The work of your subcommittee has my most heartfelt support. Through its work I would hope that some degree of sanity could be restored to the discussion of the United States foreign policy.

LAURENCE DAWSON.

THE PORTLAND CLINIC,
Portland, Oreg., March 29, 1954.

I would like to commend you very highly for your initiative in holding subcommittee hearings on the United Nations Charter in areas outside Washington, D. C. There is, I am sure you have found, a great deal of grassroots support for the United Nations, and often this support is overshadowed by the recurring crises which seem to usurp the headline spaces of our newspapers.

ROBERT E. FISCHER, M. D.

MILWAUKEE, WIS., *April 16, 1954.*

I want you to know how much I enjoyed the televised hearing of the pro and con of proposed changes in the U. N. before your subcommittee here in Milwaukee last Saturday, April 10. You presided in able fashion and I thought that Senators GILLETTE, MANSFIELD, and yourself did a fine job in questioning the witnesses. Congress should do more of this—going to the grassroots on problems of this type, then in turn putting the hearings on television for the benefit of those who cannot attend in person.

J. W. POWER.

MILWAUKEE, WIS., *April 17, 1954.*

The H-bomb can never bring the peace and security we desire for the world. Only negotiation will assure the freedom and independence we are seeking for all people everywhere.

May I commend you for the statesmanship you demonstrated at the Milwaukee hearings last Saturday, as well as that of your colleagues.

MRS. WALTER E. RILLING.

TRYON, N. C., *May 3, 1954.*

Those of us interested to improve the United Nations through charter revision are grateful to you for your work in the committee and wish to thank you for coming to North Carolina, May 15, 1954.

MRS. HERBERT L. CHASE.

MILWAUKEE, WIS., *May 14, 1954.*

I was greatly impressed with that part of the hearings which I witnessed. After my own statement, I had to leave, having just come out of the hospital. By the reports, however, I am convinced that the occasion was beautifully handled and a real credit to you, as well as an unusual opportunity for Milwaukee citizens.

MRS. ERNEST T. CLOUGH,
President, League of Women Voters of Milwaukee.

KENT, WASH., *June 7, 1954.*

You and the members of your subcommittee are doing a most important, even vital job, in this matter of hearings and staff

studies on international organizations. I am sure that the time and effort you expend on the work will be repaid to our country many fold in the coming months and years.

EMERSON B. THATCHER.

DETROIT, MICH., *June 7, 1954.*

The subcommittee, of which you are chairman, is performing a very laudable service in sounding out public opinion on U. N. Charter revision. I wish you success in this important work.

LEONARD H. GUSSOW,
Electrical Engineer.

UNITED NATIONS, N. Y., *June 7, 1954.*

Many thanks for sending me the subcommittee publications on United Nations Charter revision. I am reading them now and find them interesting and useful, as I have all subcommittee publications on the subject.

A. M. ROSENTHAL,
The New York Times, United Nations Bureau.

ATLANTIC CHRISTIAN COLLEGE,
Wilson, N. C., May 11, 1954.

We of North Carolina are very grateful to you for arranging to come to Greensboro to hold a public hearing on May 15.

MRS. DORIS C. HOLSWORTH.

SALISBURY, N. C., *May 5, 1954.*

I would like to express my gratitude for the public hearings your subcommittee on U. N. Charter revision is holding throughout the Nation. I particularly appreciate the fact that your committee will be in Greensboro for a public hearing on May 15th.

JOHN ERWIN RAMSAY, A. I. A.

AMERICAN FRIENDS SERVICE COMMITTEE,
Philadelphia, Pa., April 23, 1954.

On Saturday, April 10, I had the pleasure of attending the hearings of your subcommittee on the subject of charter revision at Milwaukee, Wis. I want to compliment you on the extremely fair way in which you handled the hearings, considering the provocation under which you operated.

BOB REPAS.

COMMITTEE ON CONGRESSIONAL REPRESENTATION,
Houston, Tex., May 29, 1954.

I have copies of your staff studies Nos. 1 and 2 and want to thank you in advance for sending new studies as they become available. They are very fair and factual and should make a real contribution to the great work that the subcommittee is doing.

ROLLAND BRADLEY.

OAK RIDGE, TENN., *June 1, 1954.*

We wish to compliment the Senate Foreign Affairs Committee for its desire to obtain firsthand the viewpoint of the American people on this important issue, and we hope that you will be able to schedule a hearing in Oak Ridge.

JOHN W. MICHEL.

DES MOINES, IOWA, *June 20, 1954.*

We were proud of the Senate of the United States in yesterday's hearing. A forward, constructive, uplifting achievement. Congratulations.

RICHARD MCNAMARA, the SWANSONS, and the O'BRIENS.

DES MOINES, IOWA, *June 28, 1954.*

I, too, thought the hearing on June 19 was worthwhile, and I am both happy and proud to have had the opportunity of playing a small part in the hospitality extended to you and the members of your committee.

JOE VAN DRESER,
Mayor.

DES MOINES, IOWA, *June 19, 1954.*

Thank you for your share in today's hearing. It was such a good way for us to see Senators in action and to understand how varied are opinions about the United Nations.

MRS. MAUD OLNEY.

THE LATE SENATOR HUNT, OF WYOMING

Mr. CLEMENTS. Mr. President, I ask unanimous consent to have inserted in the body of the RECORD a very fine article about our late friend, Senator Lester C. Hunt, written by Hon. Tracy S. McCraken, which appeared in his column in the Wyoming Eagle, of Cheyenne, Wyo., on June 25, 1954.

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

ABOUT PEOPLE AND THINGS

(By Tracy S. McCraken)

LESTER C. HUNT

While editorially and in another column the Wyoming Eagle has already paid tribute to Senator Lester C. Hunt, so close and good a friend of ours was he that we would consider ourselves as having been unworthy of his friendship were we not today to use this, our personal column, for the same purpose.

When the press associations asked us for a statement concerning the Senator we prefaced it by stating he was not only a great Senator and Governor, he was a great person. For the purposes of this column we're going to change it to read "* * * he was a great guy." For in its evolution the word guy instead of any longer being one primarily of slangish connotation now is generally used to imply fondness and affection. So it is that in our book he was a great guy.

If ever we've seen a natural politician it was he. And let us parenthetically add we're among those who believe that politics is as noble a profession as it is a necessary one. Like in any other field, in politics there are the good and there are the bad. Doc Hunt stood high among the good.

It must be the Senator was just born a campaigner. He had everything it took to be the best in anybody's league. Wyoming has never seen his superior, if, indeed, his equal. We've watched him for years and it always seemed so easy for him. We're sure it was. It was, because he just plain liked people. He was gregariousness at its best and finest. So, liking people, he liked to be with them. And he was with them every moment he could be, once Congress had adjourned and he could get back to Wyoming. Thus, if we may indulge in a bit of paraphrasing, his fences were never down.

It is said of the Senator that the morning after election he would start campaigning for the next. We never agreed with that. Both times he was elected Governor and the one time he was elected Senator we were with him on election night. By midevening it was usually known his election was assured. It was the moment his election was assured, not next morning, he started campaigning for the next time. Politics was his life's work, and not even momentarily did he ever shrink from his work.

Yet, as with a businessman, it takes more than just affability and more, too, than even the wonderful personality, including that ever-present, gracious, and winning smile he possessed, to make an outstandingly successful politician. And he had what it takes in other respects, too.

It takes diligence, long, long hours of it, not just in campaigning, as has been referred to above, but in the discharge of his official duties. There lived no more tireless worker. It takes boundless devotion to duty and to those for whom one works—in his case the people of his State and the people of the Nation. He had that devotion, in a measure which few have.

It takes ability. On Monday of this week the Washington Post (Republican) said: "Lester C. Hunt was one of the most conscientious and able men on Capitol Hill." The Post went on to tell of his "most conspicuous work" as a member of the Armed Services Committee. Which was no surprise to Wyoming. As a member of the legislature, as secretary of state, as governor and as Senator, not even his political adversaries questioned his ability and efficiency.

Doc was as interesting a fellow as he was likable. He was great good company. He was the kind who helped make any party. Not only did he lend much to conversation, but he was fun. In this connection, he never in his life tasted liquor. Yet, at a cocktail party he'd take a glass of tomato juice, hold it in his hand indefinitely and have a wonderful time. And at his own home, while of course his own liquid diet was confined to a soft drink, he served others what they wanted. It was typical of the man's breadth and of his feeling that others have the full right he did to govern themselves in this as in all matters.

In the past decade few have attended more football and basketball games at the State university than he. He was a rabid Wyoming fan, joyous in the school's victories and distressed in its defeats. This writer is in position to say that he is one of the big reasons why Wyoming athletics are now on such a high standard. And we know whereof we speak when we add that both academically from the point of view of its present great physical plant, the University of Wyoming is infinitely the better for his having been governor.

Endlessly we could go on. But surely we must not fail to add that those of us who knew him best regarded as perhaps his crowning virtue his surpassing love for and devotion to his family. Yet in so saying we would also be inexcusably remiss were we not also to say that certainly to no less an extent is Mrs. Hunt the possessor of the same beautiful qualities. A more attractive, gracious, thoughtful, intelligent, and lovely person never lived. And, as we learned anew this week, she's a stoic through and through. High must be her place in the chosen ranks of God's noblewomen.

Concludingly let us rerefer to our high appraisal of Senator Hunt, this that we may add that we deem it not at all incompatible with his unfortunate end. When one really understands the colossal, the tortuous, the staggering, the crushing burdens, both mental and physical, that came down upon him in avalanche proportions the past months one then understands how, bewildered and tormented of mind, he was overwhelmed with a craving for peace. And as sure as we're writing these words, just that sure are we that the good Lord, our all-understanding Lord, understands that too—and that He has now given to Les Hunt the peace that the fine life he lived so richly merits.

APPOINTMENT OF GOV. LEN JORDAN, OF IDAHO, TO THE INTERNATIONAL JOINT COMMISSION

Mr. LEHMAN. Mr. President, last week the junior Senator from Washington [Mr. JACKSON] and I issued statements criticizing the appointment of Gov. Len Jordan, of Idaho, to the International Joint Commission which handles legal problems involving the United States-Canadian border. We were especially shocked by the first

White House announcement which made it clear that Governor Jordan would serve as Chairman of the American section of the Commission at the same time he was serving as Governor of Idaho.

On Saturday, Mr. James Hagerty, the White House press secretary, reversed the original announcement. Mr. Hagerty stated that Governor Jordan will not serve on the Commission until his term as Governor has expired—in January 1955.

While I am pleased to see that the White House has now reversed its field and will not try to have a State governor simultaneously serve as a permanent Federal official, I am chagrined to learn that the important post of chairman of the American section of the IJC is to remain vacant until next January when Governor Jordan's term expires.

This is a most unfortunate and unusual situation. I hope that it is not an indication of a general pattern under which the White House will hold open Federal positions for all Republican governors who will not seek reelection this year or who may be defeated.

The work of the International Joint Commission is extremely important to the people of New York State. They will regret to learn that their interests in the Niagara Falls, in the St. Lawrence River and seaway, and in the water level of the Great Lakes—will be inadequately represented in the crucial 6 months ahead.

I believe that the President should reconsider his decision to appoint Governor Jordan to this position. I hope the job—a very important one from New York's viewpoint—will be immediately filled.

Federal posts of high responsibility should not be used as political offerings to keep peace in the Republican family—in Idaho or elsewhere.

I ask unanimous consent that three newspaper reports of the situation, which were published in the Watertown (N. Y.) Times on June 23, 24, and 25, 1954, be printed at this point in the body of the RECORD.

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

[From the Watertown (N. Y.) Times of June 23, 1954]

JORDAN APPOINTMENT AS COMMISSION HEAD SCORED BY SENATOR—CONFLICT IN RESPONSIBILITIES SEEN BY SENATOR IN NAMING GOVERNOR

(By Alan S. Emory)

WASHINGTON, June 23.—Senator HENRY M. JACKSON, Democrat, of Washington, today termed "highly improper" the White House appointment of Gov. Len B. Jordan, of Idaho, as Chairman of the United States Section of the International Joint Commission.

The Senator said the appointment, announced late last week, "set a dangerous precedent."

He said the White House decision to permit Governor Jordan to fill out the remainder of his term in Idaho while holding Federal office created a "basic conflict" in responsibilities.

"If he is holding a State position, he cannot act in the Federal interest and represent all 48 States," he added.

Senator JACKSON noted that Washington State law banned State officials holding Federal jobs simultaneously, whether or not the officials drew pay from the United States post. He said he was not familiar with Idaho State law, but wondered whether it might not contain a similar prohibition.

Governor Jordan will be sworn in next month. Secretary of State John Foster Dulles recommended the salary be raised from $10,600 to $13,500, and gave the opinion that it would be all right for Governor Jordan to keep his Idaho post until December 31, if he took no pay for the IJC chairmanship until next year.

Executive Order 9, handed down in 1873, specifies that "Federal officers and employees are forbidden to accept or hold any office or employment, whether appointive or elective, under any State, Territorial, or county government, or under the charter or ordinance of any municipal corporation."

A White House spokesman said the appointment did not violate the order. He said Mr. Jordan would be "on a part-time basis, without pay, more or less as a consultant." The spokesman gave as precedents service by State officials, including governors, as unpaid delegates to international meetings. He mentioned the activity of Gov. James F. Byrnes, of South Carolina, as a delegate to the United Nations.

These, however, have been temporary appointments. The IJC appointment is a permanent one.

Senator JACKSON said the Jordan appointment was "inconsistent and highly improper. The test is not the compensation received, but the question of conflict of interest."

Earlier this year the Treasury Department denied appointment to Herman Grannis as collector of customs at the port of Buffalo on the basis of the 1873 Executive order. The Department said Mr. Grannis was an unpaid employee of the New York State Racing Commission and therefore could not hold Federal office at the same time.

Governor Jordan's appointment was made last Thursday, and it resulted in another patronage defeat for New York State, which was trying to get the job for Charles Waters, Buffalo resident and an employee of the State public works department.

The selection also ended the possibility of a Republican Senator primary fight in Idaho. Governor Jordan cannot succeed himself and had been considering a race against Senator HENRY C. DWORSHAK.

The post involves supervision of boundary waters between the United States and Canada and rulings on many legal questions. Among other matters, it has supervision over the St. Lawrence and Niagara Power projects and the remedial works construction at Niagara Falls.

Governor Jordan succeeds A. O. Stanley, 83-year-old Kentuckian, who resigned in February.

[From the Watertown (N. Y.) Times of June 24, 1954]

LEHMAN SCORES NAMING JORDAN—SENATOR ISSUES STATEMENT REGARDING SELECTION OF COMMISSION HEAD—CALLS ON IDAHO GOVERNOR TO ASSUME ONLY ONE POST—SAYS IF JORDAN FAILS TO DO THIS, PRESIDENT SHOULD RECONSIDER APPOINTMENT—JOINT COMMISSION DEALS WITH BOUNDARY PROBLEMS

(By Alan S. Emory)

WASHINGTON, June 24.—Senator HERBERT H. LEHMAN today called on Gov. Len B. Jordan of Idaho to quit his State post or withdraw his name as chairman of the United States section of the International Joint Commission.

If Governor Jordan fails to do this, Senator LEHMAN said, President Eisenhower should "reconsider" the appointment.

The naming of Governor Jordan to the $13,500 post has created a minor storm in Congress. The White House says that the Idahoan will not receive any Federal pay while holding both jobs. Mr. Jordan will be sworn in next month, according to present plans.

The International Joint Commission has jurisdiction over all United States-Canadian boundary problems, including the St. Lawrence and Niagara developments.

An Executive order of 1873 expressly forbids a Federal officeholder from simultaneously occupying any State office, whether elective or appointive.

It is understood the State Department feels that, since the International Joint Commission was set up under the 1909 boundary treaty with Canada, it is a matter of international agreement that would take precedence over any Federal or State law or Executive order.

The post, however, is under the State Department, which is part of the executive branch of the Government and is a salaried Federal job included in the budget.

Senator LEHMAN's statement follows:

"I was deeply disturbed by the announcement last week that President Eisenhower has appointed Gov. Len Jordan, of Idaho, to the Canadian-United States International Joint Commission. It seems to me that the President has established a most unfortunate precedent in appointing a State governor still in office to serve as the official representative of the Federal Government on this important international commission.

"While I am well aware that Governor Jordan will receive no salary as a United States Commissioner until January 1955, when his term as governor expires, I do not believe this is the basic issue. The basic issue is the problem of one man undertaking to represent—at the same time—two separate governmental entities in an activity in which both entities might have different, or even conflicting interests.

"It is not at all unreasonable to assume that an occasion might arise when the interests of the State of Idaho and the interests of the United States regarding matters within the jurisdiction of the Canadian-United States International Joint Commission will be in direct conflict. It is my understanding that the President's action is also in direct conflict with a standing Executive order issued in 1873, which specifically prohibits a Federal officer from simultaneously holding an office under a State government.

"I would hope since this appointment is not subject to the confirmation of the Senate, that the President would reconsider his appointment, or, in any event, that Governor Jordan might recognize the difficulties arising from this dangerous precedent and proceed to divest himself of one of his positions."

The Jordan appointment apparently removed the Republican worry over a potential senatorial primary fight in Idaho. Governor Jordan, who cannot succeeed himself, had considered running against Senator HENRY C. DWORSHAK.

A spokesman for Senator HERMAN WELKER, Republican, Idaho, said nothing in Idaho State law would prevent the governor from retaining both positions at the same time.

The I. J. C. post has been vacant since February 1, when former Senator A. O. Stanley, of Kentucky, a Democrat, resigned.

The 1873 Executive order had been cited in reverse when the Treasury Department refused to name as collector of customs in Buffalo an unsalaried member of the New York State Harness Racing Commission.

Two western New York GOP Congressmen, who had been worried over the I. J. C. selection because of the Great Lakes water level issue now before the unit, declined comment. They were understood to feel that any criticism now might militate against them after Governor Jordan took office.

Senator IRVING M. IVES was in Albany and not available for comment.

[From the Watertown (N. Y.) Times of June 25, 1954]

JORDAN WILL DELAY ASSUMING NEW POST—STAND ON GOVERNOR'S IJC POST REVERSED—HE WILL WAIT END OF TERM

(By Alan S. Emory)

WASHINGTON, June 26.—The White House today reversed its position on the controversial International Joint Commission appointment.

Press Secretary James C. Hagerty said that Gov. Len B. Jordan of Idaho, named Chairman of the United States section of the IJC last week, will not take office until after his term as Governor expires.

When the White House announced the Jordan appointment, a spokesman said the Idaho Governor would serve without pay while retaining his State position. He was to be sworn in next month.

The spokesman said that since he would not receive the $13,500 the job now calls for there would be no violation of an 1873 Executive order barring United States officials from holding State posts.

The appointment, and the reasoning behind the dual-job status, had been under fire from Democratic Senators HERBERT H. LEHMAN of New York and HENRY M. JACKSON of Washington.

The IJC handles legal problems involving the United States-Canadian boundary, such as the Niagara and St. Lawrence developments.

Mr. Hagerty, explaining the switch in White House signals this morning, said Governor Jordan would come to Washington soon for a briefing on the appointment and the work entailed.

He emphasized, though, that Mr. Jordan would not receive his Presidential commission or take office until after December 31, when his term as Governor expired.

He will not perform any official acts as a member, and will not draw any pay, Mr. Hagerty insisted.

On Wednesday another White House spokesman had said Mr. Jordan could retain both his State and Federal jobs.

Senators LEHMAN and JACKSON claimed this would be improper and set a dangerous precedent, since Governor Jordan could not act in the Federal interest and represent all 48 States.

The IJC recently handled a case on the Kootenay River in British Columbia which caused flood damage to Idaho farmers. The Commission set up machinery for indemnity payments to injured farmers in the State. The Commission chairmanship has gone unfilled since the February 1 resignation of A. O. Stanley, a Kentucky Democrat.

OVERTHROW OF THE COMMUNIST GOVERNMENT IN GUATEMALA

Mr. SMATHERS. Mr. President, on the way to work this morning, over the radio in my car, I heard a radio news announcer say that in Guatemala "the only losers appear to be the Communists."

This observation struck me with unusual force because in the settlement of so many world crises in recent years it has been just the other way around, and the phrase has become quite shopworn "the Communists have made another gain."

We may know within the next 24 hours if indeed the anti-Communist patriots have won in Guatemala and have shattered once and for all the Communist beachhead in the Western Hemisphere.

If this be true—if the people of Guatemala have severed their unhealthy and menacing ties with the Soviet Communist conspirators—we must in fairness admit a debt of gratitude to the leader of the revolt, Colonel Carlos Castillo Armas. In all candor, we must admit that the democratic nations of the Western Hemisphere could not permit the continued existence of a Communist base in Latin America, so close to home. Colonel Armas has supplied the inspiration, the leadership, and the determination to rid his country of the Communists. It is hoped that he also is sincere and equally determined to carry forward the program of reform, in the democratic way, which he has promised to the people of Guatemala. I feel that it is only logical, by reason of the historic ties between the people of Guatemala and the people of the United States, that we must encourage and assist the democratic leaders of this sister republic in every practical way.

Mr. President, while we applaud the people of Guatemala who have, it appears, thrown off threatened Communist enslavement, we must at the same time guard against a resumption of the official lethargy with regard to our neighboring nations of this hemisphere, which has so long characterized our policy.

We must not resume our all-consuming preoccupation with the problems of Asia and Europe, however important those problems may be, to the exclusion of Latin America. We must direct more of our attention, our energies, and our talents to the Western Hemisphere. As I have repeatedly stated, our Nation has too long neglected our opportunities, and our self-interest obligations, in Latin America.

We must act, as well as talk, like good neighbors. Therefore, Mr. President, at the appropriate time I will offer an amendment to the foreign aid appropriations bill, which will substantially increase funds intended for use in Latin America without measuring the total cost of the bill in order to prove that we can be good neighbors as well as talk like good neighbors.

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

Mr. SMATHERS. I am glad to yield.

Mr. FULBRIGHT. I wonder if the Senator from Florida would not consider it helpful to offer the amendment while the bill is still before the committee, so that the committee may consider the amendment. I think there is great merit in the general idea, although I should like to see the specific amendment.

Mr. SMATHERS. I thank the Senator from Arkansas. I intend to offer the amendment today.

Mr. FULBRIGHT. Then I did not understand the Senator. I think it would be helpful to the committee and the Senate if the committee had an opportunity to consider the amendment.

Mr. SMATHERS. I thank the Senator. That is what I intended to do, although I did not so state this morning. But I shall do so.

The PRESIDING OFFICER. Does the Senator from Florida now make any request?

Mr. SMATHERS. No.

REVISION OF INTERNAL REVENUE LAWS

The PRESIDING OFFICER. The morning business having been concluded, the Chair lays before the Senate the unfinished business.

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

Mr. MILLIKIN. Mr. President, I ask unanimous consent to offer, en bloc, certain related amendments in the nature of a substitute for the George amendments, which have been offered en bloc.

Mr. GEORGE. Mr. President, I shall object unless I know what the amendments are. If they are a complete substitute, the Senator from Colorado has a right to offer them.

Mr. MILLIKIN. They are amendments in the nature of a substitute for the amendments offered en bloc by the Senator from Georgia. I have offered my amendments in the nature of a substitute en bloc because I would dislike to be put through the pain of offering them separately. Does the Senator from Georgia wish to know the nature of the amendments?

Mr. GEORGE. Yes. It might be that I would have no objection.

Mr. MILLIKIN. The general purpose of my amendments to the amendments of the Senator from Georgia is to have the $100 exemption so calculated as to limit the benefits to those who, it is claimed, need them, and to prevent the benefits from going all the way up the line to those who, it is claimed, do not need to be benefited.

Mr. LANGER. Mr. President, the distinguished Senator from Colorado cannot be heard clearly.

The PRESIDING OFFICER. The Chair respectfully requests the Senate to be in order.

Mr. MILLIKIN. The general purpose of the amendments in the nature of a substitute is to provide a $100 exemption for those who, it is claimed, should have some benefits from the bill. The general formula would restrict the $100 exemption to such persons, and prevent benefit accruing to those who, it is claimed, do not need additional benefits. That is one purpose.

Another purpose is to cut in half the benefits which H. R. 8300 offers to dividend holders. Those two items are the subject matter of the amendments.

Mr. KNOWLAND. Mr. President, will the Senator yield, so that I might make a parliamentary inquiry?

Mr. MILLIKIN. I yield.

Mr. KNOWLAND. As I understand the parliamentary situation, the Senator from Colorado does not need unanimous consent to offer his amendments in the nature of a substitute for the George amendments; but in view of the fact that unanimous consent had been granted to the distinguished Senator from Georgia to have his amendments considered en bloc, so to speak, so that the various sections would be considered as parts of one amendment, the Senator from Colorado is asking unanimous consent

that the several sections of his amendments may now be considered en bloc in the nature of a substitute for the George amendments.

The PRESIDING OFFICER. The Senator from California is correct.

Mr. GEORGE. Mr. President, I would have no desire to object if the amendments of the Senator from Colorado are a complete substitute for the amendments which I have suggested.

Mr. MILLIKIN. It is my understanding that they are a complete substitute.

Mr. GEORGE. If they are a complete substitute, I think it would be in order to proceed as the Senator from Colorado has requested.

Mr. MILLIKIN. They are a complete substitute.

Mr. GEORGE. I do not know that I quite understand the amendments, but I presume they will be read.

Mr. MILLIKIN. I hope to make the situation entirely clear later.

Mr. GEORGE. May I ask the Senator from Colorado if it is suggested that the dividend exclusions be eliminated?

Mr. MILLIKIN. It is proposed to cut them in half.

Mr. GEORGE. The exclusions would be cut in half?

Mr. MILLIKIN. The exclusions would be cut in half.

Mr. GEORGE. That is to $50, the $100 would be cut in half?

Mr. MILLIKIN. No; the $50 would remain as half of the ultimate $100. The $100 would be eliminated, and the exclusion would be confined to $50.

Mr. GEORGE. To $50. Then it is proposed to give an increase in the personal exemption of $100, but only to taxpayers?

Mr. MILLIKIN. To taxpayers, and limited by the formula so that the exemption will not be reaching up the line to those who have higher incomes, representing a saving of $20 for small taxpayers, and benefiting the highest taxpayers $91.

Mr. GEORGE. Mr. President, I have no objection to the amendments being offered.

Mr. CLEMENTS. Mr. President, reserving the right to object——

The PRESIDING OFFICER. Is there objection to the unanimous consent request of the Senator from Colorado?

Mr. SMATHERS. Mr. President, reserving the right to object——

The PRESIDING OFFICER. The Chair asks the Senator from Colorado and the acting minority leader from whose time it is desired the time be taken, the time for debate being controlled.

Mr. MILLIKIN. My desire is that I be permitted to place the amendments in the RECORD at the present time.

The PRESIDING OFFICER. The Chair is asking to which side the time for discussion shall be charged, since the Senate is operating under controlled time.

Mr. MILLIKIN. I think the time should be charged to those Senators who use the time.

Mr. GEORGE. Mr. President, may I suggest that the time be charged equally to the time allotted to both sides?

Mr. MILLIKIN. That is agreeable.

The PRESIDING OFFICER. Without objection, the time will be charged equally to both sides.

The Senator from Colorado has asked unanimous consent to offer amendments in the nature of a substitute for the amendments offered by the Senator from Georgia. Is there objection?

Mr. SMATHERS. Mr. President, I should like to ask the Senator from Colorado whether or not the exemption would apply to taxpayers only, or would the increased exemption apply to dependents?

Mr. MILLIKIN. The exemption would apply to the taxpayers, and not to dependents.

Mr. BYRD. Mr. President, may I ask the Senator from Colorado to state the loss in revenue which would result from the amendment if it were enacted?

Mr. MILLIKIN. For the fiscal year 1955, the loss in revenue as a result of the enactment of the George amendment would be $657 million; for 1956 it would be $1,760,000,000; for 1957 it would be $1,575,000,000. Those figures take into consideration the full cost of the $100 additional exemption, with a deduction of the savings effected by the elimination of beneficial treatment to dividend receivers.

Under my proposed substitute the net loss in revenues for the fiscal year 1955 would be $500 million; in 1956, $730 million; and in 1957, $548 million. So it is apparent that there would be a very substantial difference in revenue losses.

Mr. GORE. Mr. President, from the explanation it appears that the amendments offered by the Senator from Colorado are complicated. I would not be prepared to agree to a unanimous-consent request until I had time to examine the amendments and their effect, and also to examine the effect on the parliamentary situation. Therefore, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MILLIKIN. Mr. President, a parliamentary inquiry.

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

Mr. MILLIKIN. Would it be appropriate to offer the amendments in separate parts?

The PRESIDING OFFICER. It is in order to offer amendments only to the amendments offered by the Senator from Georgia to the bill itself, or to the parts of the bill proposed to be stricken out by the George amendments.

Mr. BYRD. Mr. President, I should like to have it clearly appear in the record that the amendments are not amendments of the Finance Committee.

Mr. MILLIKIN. I make that fact clear.

Mr. BYRD. They were not discussed in the Finance Committee. If I may be pardoned for saying so, I cannot recall an occasion during my service when the chairman of the Finance Committee has offered an amendment of this consequence and magnitude without having it first considered by the Finance Committee.

Mr. MILLIKIN. I did not intend to violate any rules or precedents, but it has not been very long since the amendments were completed and typed. There has not been time to take them before the Finance Committee. I certainly did not intend to represent that the amendments were Finance Committee amendments, and I did not offer them as such.

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

Mr. MILLIKIN. Mr. President, against whom is the time being charged?

The PRESIDING OFFICER. The Chair understands that the Senator from Colorado is offering the amendments.

Mr. MILLIKIN. I am offering a series of amendments directed to parts of the George amendments.

The PRESIDING OFFICER. The clerk will state the first amendment.

The LEGISLATIVE CLERK. On page 9, in section 34, it is proposed to strike out subsection (a) and insert:

(a) General rule: Effective with respect to taxable years after July 31, 1954, there shall be allowed to an individual, as a credit against the tax imposed by this subtitle for the taxable year, an amount equal to 5 percent of the dividends which are received from domestic corporations and are included in gross income.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado.

The Senator from Colorado is recognized. Under the unanimous-consent agreement, the Senator from Colorado is entitled to an hour, and the minority leader is entitled to an hour.

Mr. MILLIKIN. Mr. President, my only purpose is to have the amendment read——

Mr. JOHNSON of Texas. Mr. President, will the Senator speak from his place so we can hear him? We appreciate the private conversation between the distinguished chairman of the committee and the Presiding Officer, but we also are interested in the subject.

Mr. MILLIKIN. My colleagues shall hear everything I have to say. My purpose now is to get my amendments in the nature of a substitute for the George amendments before the Senate. It is not my purpose now to argue their merit; it is merely to get the amendments before the Senate.

Therefore, I am offering to the amendments of the Senator from Georgia a series of amendments which affect the provisions of the amendments of the Senator from Georgia; each of my amendments is directed to a definite part of the George amendments. It is my understanding that I have a right to do so.

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

Mr. MILLIKIN. I yield.

Mr. JOHNSON of Texas. Are the amendments the Senator from Colorado is offering to the George amendments committee amendments?

Mr. MILLIKIN. I am not offering them on behalf of the committee. They are amendments that perfect the committee print.

The PRESIDING OFFICER. The question is on agreeing to the first

amendment of the Senator from Colorado.

How much time does the Senator from Colorado yield to himself?

Mr. MILLIKIN. I yield myself probably 10 or 15 minutes—sufficient to enable us to go through the amendments.

The PRESIDING OFFICER. The Chair understands that under the rules of the Senate, each amendment to the amendments of the Senator from Georgia must be offered and considered separately, since objection has been made to having the amendments offered and considered en bloc.

The Chair assumes that the Senator from Colorado, as a part of his statement on the first amendment, will discuss the other amendments; but, in view of the objection which has been made, the remaining amendments of the Senator from Colorado to the amendments of the Senator from Georgia cannot be received and read by the clerk until the first amendment offered by the Senator from Colorado is acted upon.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

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

Mr. JOHNSON of Texas. Are the amendments to the amendments printed, or have they been pulled out of someone's pocket at the last moment?

The PRESIDING OFFICER. The Chair is informed that the amendments of the Senator from Colorado to the amendments of the Senator from Georgia have been reduced to writing, but have not been printed.

Mr. JOHNSON of Texas. Does the chairman of the committee have copies of the amendments for us?

Mr. MILLIKIN. I shall try to distribute them during the debate. I am merely offering one of the amendments to the amendment of the Senator from Georgia, in order to get the amendments before the Senate.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

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

Mr. JOHNSON of Texas. Does the distinguished chairman of the committee have an amendment at the desk?

The PRESIDING OFFICER. There is pending an amendment offered by the Senator from Colorado to the amendments of the Senator from Georgia. The amendment to the amendments has been read by the clerk, and time has been allotted to the Senator from Colorado.

Mr. JOHNSON of Texas. Under the unanimous-consent agreement the Senator from Colorado controls 1 hour on the pending amendment to the amendments of the Senator from Georgia; does he not?

The PRESIDING OFFICER. That is correct.

Mr. JOHNSON of Texas. I further understand that the minority leader controls 1 hour on this question.

The PRESIDING OFFICER. That is correct.

Mr. JOHNSON of Texas. Then I should like to observe to the distinguished chairman of the Finance Committee that if he will supply us with copies of his amendment, we can give attention to it during the time in which he is making the explanation.

Mr. MILLIKIN. Mr. President, I am not now prepared to furnish copies, but I hope to be able to do so during the time I shall be explaining the amendments. My sole purpose is to get the amendments to the George amendments before the Senate, so they can be considered.

The question now is whether some Senator will attempt to deprive me of the privilege of offering the amendments to the George amendments.

The PRESIDING OFFICER. The Chair understands that one of the amendments of the Senator from Colorado to the amendments of the Senator from Georgia is now before the Senate. In that connection, the Senator from Colorado is entitled, in his time, to describe the other amendments he intends to offer to the amendments of the Senator from Georgia, if he so desires. But only one amendment can be considered at a time.

Mr. GORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Colorado has the floor. Does he yield for a parliamentary inquiry?

Mr. MILLIKIN. I yield.

Mr. GORE. The parliamentary situation being as stated by the Chair, do I correctly understand that the only way the Senate could vote at a time when copies of the amendment to the George amendments were before each Senator would be to have copies distributed before the 2 hours expire, or else have the Senate take a recess until the distinguished Senator from Colorado can have copies prepared and distributed?

The PRESIDING OFFICER. The inquiry of the Senator from Tennessee is not a parliamentary inquiry, but relates to a matter for the Senate to consider, namely, whether it wishes to take a recess.

Mr. GORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator from Colorado yield for that purpose?

Mr. MILLIKIN. I do.

Mr. GORE. Is it not true that the question now before the Senate, which must be disposed of before any other amendment can be voted on, is the amendment just submitted by the Senator from Colorado to the amendments of the Senator from Georgia?

The PRESIDING OFFICER. That is correct; the Senator from Colorado has submitted one amendment to the amendments of the Senator from Georgia; and that amendment must first be acted upon.

As the Chair has already stated, the Senator from Colorado is entitled to 1 hour. Whether during that time he will discuss the other amendments to the amendment, is a matter for him to decide.

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

Mr. KNOWLAND. Mr. President, I wonder whether, for the information of the Senate, the Senator from Colorado will yield to me for 1 minute, in order to permit me to ask a question.

Mr. MILLIKIN. Yes; I yield.

Mr. KNOWLAND. For the information of the Senate, and in view of the fact that objection was made to having the amendments of the Senator from Colorado to the amendments of the Senator from Georgia considered en bloc, with the result that the first of the amendments of the Senator from Colorado to the amendments of the Senator from Georgia has now been offered, I wonder whether that amendment to the amendment may now be read by the clerk, for the information of Senators who recently have entered the Chamber.

Let me say I am arranging to have mimeographed copies made as rapidly as possible.

Mr. MILLIKIN. Yes. I have no objection.

Mr. GORE. Mr. President, will the Senator from Colorado yield to me?

Mr. MILLIKIN. I yield.

Mr. GORE. I respectfully call to the attention of the able Senator from Colorado his own statement on Monday last, as it appears on page 9048 of the RECORD. It reads as follows:

> Mr. MILLIKIN. In connection with the tax bill, I believe it appropriate to suggest that when the session begins on tomorrow, any Senator who has any amendments to submit to the bill should be prepared to do so.

This is Wednesday; and the distinguished chairman of the committee has offered to the amendments of the Senator from Georgia a series of amendments that have not been printed or even distributed in duplicate to Members of the Senate. Will the Senator from Colorado explain to the Senate what has motivated such haste?

Mr. MILLIKIN. The motivation of the sequence of things to come before the Senate is to be found in the decisions that are made, leading to these developments.

Mr. GORE. Mr. President, will the Senator from Colorado yield further to me?

Mr. MILLIKIN. I yield.

Mr. GORE. Did not the distinguished senior Senator from Georgia submit and discuss with the Senate Finance Committee this amendment? Has it not been printed, and was it not a matter of record that this amendment would be offered?

Mr. MILLIKIN. The amendment of the Senator from Georgia was not discussed before the Senate Finance Committee. The amendment became available yesterday, and we have been working ever since to have something ready on it.

Mr. GORE. Will the Senator from Colorado be willing to postpone consideration of his amendment to the amendment of the Senator from Georgia until his amendment can be printed?

Mr. MILLIKIN. We are going to go ahead with it as rapidly as possible. All I am trying to do is to get before the Senate the amendments to the amendments of the Senator from Georgia.

Mr. GORE. One of the Senator's amendments to the amendments of the Senator from Georgia is now before the Senate.

Mr. MILLIKIN. Yes; and I wish to have the rest of them before the Senate.

Mr. GORE. Does not the Senator from Colorado believe we shall have to dispose of one of his amendments to the amendments of the Senator from Georgia before we dispose of the others?

Mr. MILLIKIN. I am willing to have the first amendment I have offered to the amendments of the Senator from Georgia disposed of.

Mr. DOUGLAS. Mr. President, will the Senator from Colorado yield to me?

Mr. MILLIKIN. Mr. President, in whose time are these remarks being made?

The PRESIDING OFFICER. In the time of the Senator from Colorado.

Mr. MILLIKIN. At my request, may this time be taken from the time available to me on the bill?

The PRESIDING OFFICER. Yes; or from the time available on the pending amendment to the amendment of the Senator from Georgia.

Mr. MILLIKIN. Am I to understand that this time cannot be taken from the time available to me on the bill?

The PRESIDING OFFICER. That is a question for the Senator from Colorado to decide.

The question now is on agreeing to the amendment of the Senator from Colorado to the amendment of the Senator from Georgia. One hour is under the control of the Senator from Colorado. At present, the time being used is being taken from the time available to him on his amendment to the amendment of the Senator from Georgia.

Mr. MILLIKIN. Then, Mr. President, I ask the Senator from Illinois please to be brief.

Mr. DOUGLAS. Let me ask the distinguished Senator from Texas to yield 2 minutes to me, so that I may ask a question of the Senator from Colorado.

Mr. JOHNSON of Texas. The Senator from Colorado has yielded to the Senator from Illinois, and has requested that he be brief—perhaps 2 minutes brief. If the Senator from Illinois finds that he needs additional time, I shall be glad to yield it.

Mr. DOUGLAS. I thank the Senator from Texas.

Mr. President, I understand there is on the floor of the Senate only one copy of the newly developed amendment of the Senator from Colorado to the amendment of the Senator from Georgia, and that that amendment to the amendment is in the possession of the Senator from Colorado.

So let me ask the Senator from Colorado whether I am correct in understanding that, under his amendment to the amendment, the dividend credit is reduced from 10 percent to 5 percent?

Mr. MILLIKIN. That is correct.

Mr. DOUGLAS. That would reduce the tax rebate from $840 million to $420 million.

Mr. MILLIKIN. That is correct.

Mr. DOUGLAS. May I also ask whether the proposal of the Senator from Colorado carries with it a $100 exemption for each taxpayer?

Mr. MILLIKIN. It carries a $100 exemption for taxpayers.

Mr. DOUGLAS. In the case of a husband and wife who each pay taxes and file a joint return, would each get the $100 exemption, or would that be only for the head of the family?

Mr. MILLIKIN. Each would get it.

Mr. DOUGLAS. Wives who do not directly pay taxes themselves would not receive it?

Mr. MILLIKIN. If they did not pay taxes they would not receive it.

Mr. DOUGLAS. How about children?

Mr. MILLIKIN. The exemptions for children are left as they are. They are very high at the present time.

Mr. DOUGLAS. Whereas the George amendment would grant an exemption for children as well as for husbands and wives?

Mr. MILLIKIN. And would result in a cost of $2,400,000,000. The exemption would accrue to all taxpayers, and benefit all the rich people whom the Senator does not wish to benefit.

Mr. DOUGLAS. Does the Senator from Colorado have any estimates as to the loss in revenue resulting from the amendment which he is now proposing?

Mr. MILLIKIN. Yes. I have made this statement before, but I shall repeat it. I hope too many demands will not be made on my limited time.

The cost of the George amendment during the fiscal year 1955 is estimated to be $657 million; for the fiscal year 1956, $1,760,000,000; for the fiscal year 1957, $1,575,000,000. The proposed substitute would cost $500 million in the fiscal year 1955; $730 million in 1956; and $548 million in 1957.

Mr. DOUGLAS. That is the $100 credit.

Mr. MILLIKIN. That is correct. The George amendment with the $100 exemption and the treatment of double dividends would cost $657 million in the fiscal year 1955, as contrasted with $500 million under the proposed substitute which I offer. For the fiscal year 1956, the net cost would be $1,760,000,000 for the George amendment as contrasted with $730 million for the proposed substitute. For the fiscal year 1957 the net cost would be $1,575,000,000 as against $548 million under the proposed substitute.

Mr. DOUGLAS. Does not the Senator from Colorado think it would be desirable to have this amendment printed, so that we may see the exact nature of it and study it in detail, instead of having only one copy available for the Senate?

Mr. MILLIKIN. I hope to have mimeographed copies available just as soon as they can be made.

Mr. President, the series of amendments which I propose to the George amendments are designed to be treated en bloc, and would have been so treated if we could have obtained unanimous consent. They are directed at specific provisions of the George amendments. They are intended to do several things.

First, we would give a $100 exemption to those in the low brackets. That exemption, under the full formula, would not go up the line and benefit people who, it is claimed, are already being benefited too much. We take the provisions which are available with respect to double taxation on dividends, and cut that benefit in half. In other words, we make effective a 5-percent credit, and we keep effective the $50 exclusion.

That is the substance of the two amendments. We propose a $100 exemption for those in the lowest brackets and the retention of the 5 percent double dividend taxation treatment. I have told the Senate what the estimated cost would be under the formula used.

The critics of the bill contend that it benefits only corporations and wealthy individuals, and that it affords practically no relief to the small taxpayer. I have already enumerated the relief granted by the bill to millions of taxpayers. I wish again to refer to such relief.

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

Mr. MILLIKIN. I yield.

The PRESIDING OFFICER. The Chair advises the Senator from Colorado that the 15 minutes yielded by him to himself have expired.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the Senator from Colorado be permitted to yield for questions without taking any of his time. We do not know what this amendment is, and an hour is not time enough to find out about it, if we cannot ask the Senator from Colorado questions.

The PRESIDING OFFICER. Does the Senator from Colorado yield for the purpose of a unanimous-consent request?

Mr. KNOWLAND. Mr. President, I should be——

The PRESIDING OFFICER. The Senator from Colorado has the floor. Does he yield to the Senator from California?

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

Mr. KNOWLAND. Mr. President, I should have to object to the request which has been made. I believe that with the time allowed on the bill and on the amendment, which time is controlled by the minority leader and the Senator from Colorado, we should see what progress we can make under the unanimous-consent agreement heretofore entered into. The Senator from Colorado has been rather generous so far with his time.

Mr. MAGNUSON. Does the Senator from California object to our finding out about this amendment?

Mr. KNOWLAND. No; I do not object. However, there is an hour available to each side on each of these amendments. They are not being considered en bloc, because of an objection. There will be 2 hours of debate on each of the several amendments presented by the Senator from Colorado. Perhaps the time the Senator desires for the purpose of raising certain questions might be requested from the minority leader.

Mr. MAGNUSON. Mr. President, will the Senator from Colorado yield for a 1-minute question?

Mr. MILLIKIN. I yield.

Mr. MAGNUSON. Does the exemption proposed by the Senator from Colo-

rado apply only to the heads of families?

Mr. MILLIKIN. It applies to the heads of families who are taxpayers.

Mr. MAGNUSON. So a family without children would receive the same benefit as a family with children, would it not?

Mr. MILLIKIN. They would receive that particular benefit because they are taxpayers.

Mr. MAGNUSON. But if a taxpayer who is the head of a family had six children, he would receive the same benefit as a taxpayer who was the head of a family but who had no children.

Mr. MILLIKIN. That is correct; and in the case of the George amendment, a millionaire——

Mr. MAGNUSON. That was not my question.

Mr. MILLIKIN. This is a debate; and I am authorized to speak some of my own sentiments. If the George amendment were carried through all the way, to a considerable extent it would benefit the families which it is said should not have as much benefit as the bill proposes to give them. Under the George amendments the benefit would run all the way up the line. The $20 benefit given to those in the lowest brackets under the George amendment becomes $91 at the top.

Mr. MAGNUSON. Would the Senator agree to an amendment allowing $20 for each child?

Mr. MILLIKIN. No, I would not, because the exemption for children at the present time is very high, and the cost of running it all the way up the scale would be tremendous. Our dependent exemptions have ranged from $240 to $600. They are now at the highest point they have ever been.

Mr. MAGNUSON. I thank the Senator.

Mr. MILLIKIN. Mr. President, I will take whatever additional time I need out of my time on the bill.

The PRESIDING OFFICER. The Chair understands that the recent colloquy was taken out of the time on the bill.

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

Mr. MILLIKIN. I yield.

Mr. KNOWLAND. I understand that the Senator from Florida [Mr. HOLLAND] has a unanimous-consent request to submit. Is he prepared to submit it at this time?

UNANIMOUS-CONSENT AGREEMENT WITH RESPECT TO GREETING CERTAIN GUESTS IN THE GALLERY

Mr. HOLLAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Florida?

Mr. KNOWLAND. I understood that the unanimous-consent request would be made with the understanding that the time for it would not be charged to either side.

The PRESIDING OFFICER. Is there objection that the time for unanimous-consent request to be offered by the Senator from Florida shall not be charged to either side in the debate? The Chair hears none, and it is so ordered. In order to keep the record clear, does the Senator from Colorado yield to the Senator from Florida for that purpose?

Mr. MILLIKIN. I yield to the Senator for that purpose.

Mr. HOLLAND. Mr. President, I ask unanimous consent that when a group of visitors, whom I am sure the Senate will wish to greet, arrive in the gallery, I may be yielded time for the purpose of briefly presenting them to the Senate, and that such time be not charged to either side. The group I refer to is a group of democratic newspaper editors from southeast Asia, who are touring this country as guests of the American Press Institute.

I understand that my request meets with the approval of both the majority leader and the minority leader.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. KNOWLAND. I understood that the request was to include such brief remarks as either the majority leader or the minority leader, or other Senators may desire to address to the visitors.

Mr. HOLLAND. I shall be glad to include such a provision in my unanimous-consent request. I did not wish to assume on my own behalf that other Senators would wish to make remarks, but, of course, it will be agreeable to me to have them do so.

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

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.

The PRESIDING OFFICER. The Chair recognizes the Senator from Colorado. How much time does the Senator yield to himself?

Mr. MILLIKIN. I yield myself 30 minutes.

Mr. President, critics of the bill contend that it benefits only corporations and wealthy individuals and that it affords practically no relief to the small taxpayer.

I have already enumerated the relief granted by the bill to millions of taxpayers. I wish to again refer to such relief.

The working wife or widow with a child to support receives material benefits.

The individual who is sick and needs medical attention receives relief under the bill.

The retired schoolteacher, fireman, and policeman receive relief.

The farmer receives relief under the bill.

The traveling salesman receives relief in being allowed to deduct his business expenses and still take the standard deduction.

The widow whose sole support is from dividends receives relief from both the dividend credit and the dividend exclusion.

The hospital attendant who is now forced to pay a tax on the value of his meals and lodging receives relief.

The parent who loses his dependency deduction because his child earns over $600, or because he is supporting a foster child, receives relief.

The soldier receiving combat pay receives relief.

Churches, schools, and hospitals receive relief under the bill through increasing the charitable deduction allowed to individuals.

The bill also gives small business a great many benefits. It grants the right of an individual or partnership to be taxed as a corporation or vice versa. Small business has requested this relief for over 10 years. Small business has often complained about the penalty tax on unreasonable accumulation of surplus, preventing expansion. The bill eases this burden. The acceleration by depreciation deduction will aid small business in borrowing money for business expansion. And the dividend credit and exclusion allowed to individuals will aid small business in raising equity capital.

These are only a few of the numerous benefits allowed to the small taxpayer under the bill. The bill contains many more.

In spite of the many benefits in the bill it is contended that some taxpayers are being discriminated against because they have no dividends, do not own property subject to depreciation, are not working mothers with dependent children, and are not retired.

Mr. KERR. Mr. President, will the Senator from Colorado yield? I should like to know which amendment is being discussed and what its significance is.

Mr. MILLIKIN. I shall come to it. I shall be happy to yield to the Senator later.

To remedy this some have urged that the per capita exemption be increased for all taxpayers. Such suggestions have ranged from an additional $100 increase in the per capita exemption to an increase of as much as $400 additional. An increase of $100 additional will cost $2.5 billion, a figure many times the cost of the bill. However, apart from this large revenue loss, an increase in the per capita exemption will by itself be of greater benefit to the individual in the upper brackets than it will be to the small taxpayer. For example, a $100 exemption is worth in tax savings only $20 to the taxpayer in the first bracket—and he is the man, the fellow at the bottom, for whom the objectors to the committee bill say not enough is being done, but it is worth $91 to the taxpayer in the highest bracket. Thus it can be seen it is a rather poor argument to say, "We object to this bill because we think there is too much benefit in it for those in the middle and upper brackets," while at the same time proposing to amend the bill by adding to it provisions which go all the way across the board and which may mean $20 to the fellow at the bottom and $91 to the fellow at the top. A per capita exemption increase will increase the disparity which now exists between small and large taxpayers.

There are others who urge a $20 tax credit for all taxpayers, large or small.

But this proposal will also apply to those who receive the credits I have enumerated. It will, therefore, further increase the disparity between those who receive the benefits I have outlined under the bill and those who do not receive such benefits.

I believe that if we are to provide further relief to the individual taxpayer at this time, it should be confined to taxpayers who are not getting dividend relief, retirement relief, depreciation relief, or the relief provided for working mothers, widows or widowers with dependent children.

I am sending to the desk an amendment—and I am now trying to explain the first provision of the amendment—which will accomplish the purpose I have in mind. This amendment will allow an individual taxpayer an additional $100 exemption computed by allowing a tax credit equal to the first bracket rate on such $100 exemption.

At the present time, the first bracket rate is 20 percent, so that the credit will be 20 percent of $100, or $20. This credit will be allowed to each individual taxpayer. For example, a single taxpayer computes his tax, and finds that it amounts to $500. His tax will be reduced by this credit to $480.

If a husband and wife file a joint return, and the tax shown on the joint return is $500, the tax will be reduced by $20 apiece. There will be no refunds under such a plan, since the credit cannot exceed the amount of the tax paid.

This plan has a fundamental difference from similar plans which have been discussed. It is a credit equal to an amount multiplied by the first bracket rate, whatever that rate may be. At the present time it is 20 percent. The individual taxpayer will receive this credit now, and not at some later date. And finally, and most important, the credit will not be available to those who take the dividend credit or dividend exclusion, or to those who take the additional accelerated-depreciation allowance, or to those who take the deduction allowed in the bill for working wives, widowers, or widows with dependent children.

Thus there would be no doubling up of credits which, under the proposed exemption plans—and I have in mind the proposal of the Senator from Georgia [Mr. GEORGE]—would result in astronomical limits.

The dividend recipient can take this credit or his dividend relief provided in the bill but not both.

The retirement person can take the retirement credit or this credit but not both.

The working wife can take the working-wife deduction or this credit but not both.

The individual in business can take this credit or the new depreciation allowance provided in the bill but not both.

In this way my amendment will take care of those taxpayers who are not getting the special benefits provided for in the bill which I have enumerated. It is estimated that this amendment will result in a loss of revenue of $960 million.

I have already given the figures with reference to the George amendment. The pending amendment and the related series of amendments which I have offered, which are directed at the George amendments, satisfy the result that those who are in the bottom brackets should have some benefit from this bill. But we are not passing the same benefit on to those in the middle- and the upper-income brackets who, it is contended, are already receiving too much. So we are proposing to afford some relief for those who are at the bottom and we are halving the benefit which would accrue to stockholders in the way of dividend credit. I think that is a very fair solution of the problem.

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

Mr. MILLIKIN. I yield.

Mr. LEHMAN. The amendment of the Senator from Colorado, which I understand does not represent the thinking of the Finance Committee and which is not offered as the result of any hearings, is based on a completely new formula which the Senator has today referred to. May I ask the Senator whether there are any copies or analyses so that Members of the Senate can study that formula?

Mr. MILLIKIN. I understand multigraph copies are being made.

Mr. LEHMAN. As I understand, there are copies of the amendment, but are copies of the formula being made, too?

Mr. MILLIKIN. Everything that is necessary. The formula will be in the amendment.

Mr. LEHMAN. The Senator has stated that so far as the exemption is concerned, it will benefit the taxpayers up to a certain point.

Mr. MILLIKIN. That is correct.

Mr. LEHMAN. But taxpayers receiving incomes higher than a certain point will not profit by it, which I think is fair enough. I think the advantage of any reduction should be for the benefit of men and women of low or moderate incomes. But how will a man who has a high income, largely from dividends, be treated in this matter?

Mr. MILLIKIN. I have been trying to get the formula before the Senate for some time. The formula will be in the amendment.

To answer the general point in which the Senator is interested, we do not intend to give the benefits of lower bracketed people to the higher bracketed people, who do not need them. We see no point in giving that benefit up at the top if we are aiming to do something more than is already provided in the bill for those at the bottom.

Mr. LEHMAN. I still do not understand what the formula is, and I do not think anyone else does.

Mr. MILLIKIN. I am trying to get it before the Senate.

Mr. LEHMAN. Where is it?

Mr. MILLIKIN. I have had it in my hand and I have been trying to get it before the Senate.

I have been engaged in a long and unnecessary process of trying to get these amendments before the Senate. All I can do, since I have not been successful in that effort, is to tell the Senate what they will do.

Mr. LEHMAN. They cannot come before the Senate until the amendment which is already pending has been disposed of.

Mr. MILLIKIN. I have discussed the formula in general terms. I have already suggested that by the working of the formula certain benefits will be limited, as follows:

(b) Limitation on amount of credit: The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the credits allowable under section 32 (2), relating to tax withheld at source on tax-free covenant bonds; section 33, relating to foreign tax credit; and section 35, relating to partially tax exempt interest.

(c) Certain credits, deductions, and so forth, not allowed: If an individual elects to take the credit allowed by subsection (a) for a taxable year, then—

First. The credit provided by section 34 relating to dividends received by individuals shall not be allowed.

Second. The credit provided by section 37, relating to retirement income, shall not be allowed.

Third. Section 116, relating to partial exclusion from gross income of dividends received by individuals, shall not apply.

Fourth. The deduction allowed by section 167, relating to depreciation, shall be computed without regard to the methods referred to in section 167 (b) (2), (3), and (4).

Fifth. The deduction provided by section 214, relating to expenses for care of certain dependents, shall not be allowed.

(d) Method and effect of election:

First. The election provided by subsection (a) shall be made in the return, and the Secretary or his delegate shall by regulations prescribe the manner of signifying such election in the return.

Second. If the taxpayer on making his return fails to signify, in the manner prescribed under paragraph (1), his election to take the credit provided by subsection (a), such failure shall be considered his election not to take the credit.

Third. Under regulations prescribed by the Secretary or his delegate, a change of an election for any taxable year to take, or not to take, the credit provided by subsection (a) may be made after the filing of the return for such year.

(e) Certain nonresident aliens ineligible for credit: No credit shall be allowed under subsection (a) to a nonresident alien individual with respect to whom a tax is imposed for the taxable year under section 871 (a).

Many people in this country do not get any benefit from depreciation. We have provided that they can take their choice of the proposed substitute or take the benefits offered by the bill, whichever will yield the greater benefit.

Mr. LEHMAN. As I understand, the amendment is not before the Senate.

Mr. MILLIKIN. I am trying to get it before the Senate. We will fight it out later. That is what I am aiming at.

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

Mr. MILLIKIN. I yield.

Mr. KERR. The amendment which I hold in my hand reads as follows:

On page 9 of the House bill in section 34—

(1) Strike out subsection (a) and insert:

"(a) General rule: Effective with respect to taxable years ending after July 31, 1954 there shall be allowed to an individual, as a credit against the tax imposed by this subtitle for the taxable year, an amount equal to 5 percent of the dividends which are received from domestic corporations and are included in gross income.

The question is, Is this the amendment to which the Senator is addressing his remarks?

Mr. MILLIKIN. That is one of the amendments to which I have addressed my general remarks. This particular amendment is a technical one designed to perfect my first amendment having to do with deductions.

Mr. KERR. If this amendment by itself were adopted, am I correct in assuming that its result would be to change the provisions of the bill as reported?

VISIT TO THE SENATE OF NEWSPAPER REPRESENTATIVES FROM ASIA

Mr. HOLLAND. Mr. President, I ask unanimous consent to be recognized at this time under the consent previously given.

The PRESIDING OFFICER (Mr. BUTLER of Maryland in the chair). Without objection, the Senator may proceed.

Mr. HOLLAND. Mr. President, the American Press Institute of Columbia University has rendered a distinguished and notable service to America and, I think, to the free peoples of the world, in becoming the host to a large group of editors of outstanding newspapers published in southeast Asia. They represent those democratic newspapers which are anti-Communist voices in that difficult area and which support the march of freedom in that highly important part of the world.

It is my hope that the Members of the Senate will have the pleasure of meeting these individuals. But at this time, since the visitors are in the family gallery of the Senate, I ask leave to present them to the Senate.

Four of them from Manila, in the Philippine Republic; two come from Singapore, in Malaya; four are from Indonesia, of whom three are from Java and one is from Sumatra; two are from Thailand, both being from the city of Bangkok; and two are from Ceylon, both being from Colombo.

Mr. President, with great pride I now present this distinguished delegation of visiting newspaper editors from southeast Asia. I ask them to rise and to receive the warm greeting of the Senate. [Applause, Senators rising.]

Mr. KNOWLAND. Mr. President, both as majority leader of the Senate and as a member of the fourth estate, I am glad to join in the welcome to this distinguished group of newspaper editors who are visiting the United States.

Not only have we, as citizens of our respective countries, a common interest in helping to maintain a free world of freemen, but upon the free press of the world there is placed the added responsibility of keeping their respective publics fully informed of developments which are transpiring.

There was a time in history when developments in far-off places may have been of little concern to the more or less isolated communities throughout the world. But in this day of the airplane and of jet propulsion, people who were distant neighbors at the time when most of us were born, and certainly in the lifetime of our parents, have become near neighbors. For that reason, we are always glad to see a group of citizens from neighboring nations, whether from Asia or elsewhere, visiting the United States, coming to our Capital, and coming to this Chamber, which is the seat of one of the great free deliberative bodies of the world, so that we, in turn, may have an opportunity to exchange views with them.

I know that I speak for all Members of the Senate, Republicans and Democrats alike, when I say to our guests that we are glad to have them in the Senate Chamber, in our Nation's Capital, and in the United States of America, which is determined to do its full part in helping to maintain a free world of freemen. [Applause.]

Mr. WILEY. Mr. President, I join in the sentiments which have been expressed today in welcoming our brothers from Asia. It was a famous leader in Europe who, years ago, said, "Give light, and the people will find the way."

Today, more than ever before, the fourth estate is shaping, for better or for ill, the thinking of the peoples of the world. As was suggested by the majority leader, every nation now is practically in every other nation's backyard, because of the ingenuity of man, and because we have resolved distance practically into nothing. Greater than ever before is the responsibility of those who disseminate the news and the facts and who shape the thinking of the people. To you, my friends and brethren, on behalf of the Committee on Foreign Relations, of which I happen to be the chairman, and I am certain on behalf of the entire membership of the Senate also, I join in saying welcome. May you return to your homelands filled with the camaraderie of folks enjoying a joint enterprise which is great and constructive; because, after all, you and we are reshaping the world by our thinking.

"As a man thinketh, so is he."

It is you who feed into the minds of your readers the thoughts that will help to shape the world of tomorrow.

Again I say: Welcome to the United States. [Applause.]

Mr. FULBRIGHT. Mr. President, I wish to join in the sentiments expressed by the chairman of the Committee on Foreign Relations. I am a member of the minority of that committee, and I, too, wish to extend a welcome to the visiting members of the press of southeast Asia.

I know of no better way for the publishers or the people of Asia to become acquainted with the United States than the way in which our visitors are following, namely, by coming to our country and visiting our institutions in operation. I hope that before you return to your homelands, you will have an opportunity to travel throughout our land and to see for yourselves the kind of society in which we dwell and the kind of life which Americans live, so that you can interpret them in your own way.

I join in rejoicing at the opportunity you have had to meet with us, and that we have had to become acquainted with you.

Mr. SMITH of New Jersey. Mr. President, as a member of the Committee on Foreign Relations, with my special assignment and responsibility being that of far-eastern affairs, I join in the expressions of welcome to our distinguished guests who come from areas which mean so much to the world today, and to say to them that we in the Senate welcome them heartily to our midst.

I hope that we may have the opportunity to meet individually with you and to talk about some of the problems which confront the world today.

I welcome you heartily and wish you Godspeed on your mission in the United States.

Mr. HOLLAND. Mr. President, in closing these greetings, I ask unanimous consent to have printed at this point in the RECORD a list of the names of the visiting editors, their places of residence, and the names of the newspapers represented by them.

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

VISITING EDITORS FROM SOUTHEAST ASIA

From the Philippines: Eduardo A. Gregorio, news editor, Bagong Buhay, Manila; Carlos Quirino, chief of bureau, Pan-Asia Newspaper Alliance, Manila; Carlos F. Nivera, editor, the Philippines Herald, Manila; Amadeo R. Dacanay, executive editor and executive director, the Evening News Publishing Co., Manila.

From Malaya: Leslie Hoffman, associate editor, Straits Times, Singapore; Lee Kim Chuan, publisher, Nanyang Siang Pau, Singapore.

From Indonesia: Madikin Wonohito, editor, Kedaulatan Rakjat, Jogjakarta (Java); Rachman Darsjaf, editor, Mimbar Indonesia, Djakarta (Java); Rosihan Anwar, editor, Pedoman, Djakarta (Java); Tengku Jafizham, chief editor and publisher, Mestika Medan (Sumatra).

From Thailand: Udom Yenrudi, assistant editor, Siam Nikorn, Bangkok; Theh Chongkhadikij, city editor, the Bangkok Post.

From Ceylon: Tori de Souza, editor, the Times of Ceylon, Colombo; Jan Modder, assistant editor, Ceylon Observer, Colombo.

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

Mr. MILLIKIN. I yield.

Mr. KERR. To return to somewhere near the point at which we were when we were interrupted, is it a fact that subsection (a) of section 340, in the bill as reported to the Senate, provides a credit of 5 percent of dividend income for the

first year after the passage of the bill, and 10 percent for subsequent years?

Mr. MILLIKIN. This is an amendment which is proposed to the provision to which the Senator from Oklahoma refers.

Mr. KERR. But under the language of the bill as reported to the Senate, would the situation be as I have described it?

Mr. MILLIKIN. The situation would be 5 percent for the first year; thereafter, the amount would jump to 10 percent. We are holding it steady at 5 percent.

Mr. KERR. The effect of the amendment which has been offered is merely with reference to dividend income to make the credit 5 percent not only in beginning, but from there on, and no more?

Mr. MILLIKIN. That is correct.

Mr. KERR. Up to now, that is the only amendment before the Senate?

Mr. MILLIKIN. That is correct; up to this moment. The Senator is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. MILLIKIN].

Mr. KNOWLAND. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, with the time for the quorum call to be charged to neither side.

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

Mr. KNOWLAND. 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:

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

The PRESIDING OFFICER. A quorum is present.

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

Mr. MILLIKIN. Mr. President——

The PRESIDING OFFICER. How much time does the Senator from Colorado yield to himself?

Mr. MILLIKIN. I yield myself 10 minutes, either on this amendment or on the bill itself, if necessary.

The PRESIDING OFFICER. The Senator from Colorado is recognized for 10 minutes.

Mr. MILLIKIN. Mr. President, the sole question now is on agreeing to a series of amendments to the amendments of the Senator from Georgia. The overall purpose of my first amendment as I have already explained, is to reduce the dividend credit exemption from 10 percent to 5 percent, and to that extent to reduce the relief accorded under the double taxation theory. In connection with this amendment, we have, in addition to the question whether the dividend credit shall be 10 percent, rather than 5 percent, the question whether there shall be any dividend credit.

Under the amendment of the Senator from Georgia, no allowance is made for dividends. Our proposal is similar to the one contained in the bill as it was passed by the House, namely, to have a 5 percent dividend credit, but we propose to have it both this year and in the future. The bill as passed by the House provides for a 5 percent dividend credit this year, but would increase it to 10 per cent in subsequent years.

Under this amendment, the 10 percent provision would be deleted. We would continue in subsequent years the 5 percent dividend credit, instead of doubling it next year. The amendment of the Senator from Georgia would remove all the dividend credit, with the result that there would be no dividend credit at all. As I have said, our proposal is to cut roughly in half the dividend credit provided for in the bill as passed by the House of Representatives. So that is the sole question, insofar as the first amendment to the amendment of the Senator from Georgia is concerned.

In the case of the other amendments to the amendments of the Senator from Georgia, to a total of 5, several of them will be merely perfecting amendments. Later on, we shall come to the question of exemptions.

Mr. GEORGE. Mr. President, I wish to speak for approximately 5 minutes.

Mr. FREAR. First, Mr. President, I should like to ask a question of the Senator from Colorado.

Mr. GEORGE. Very well.

Mr. FREAR. Mr. President, will the Senator from Colorado yield for a question?

Mr. MILLIKIN. I yield.

Mr. FREAR. Do I correctly understand that the amendment of the Senator from Colorado to the amendment of the Senator from Georgia limits the dividend credit to 5 percent?

Mr. MILLIKIN. That is correct.

Mr. FREAR. Does it exclude the $50 item set forth in the bill as it is presently before the Senate?

Mr. MILLIKIN. Later on a related amendment would continue that, but would not increase the credit to $100 in subsequent years.

Mr. FREAR. In other words, the Senator from Colorado proposes two amendments to the amendment of the Senator from Georgia; is that correct?

Mr. MILLIKIN. Yes, I have a series of amendments to that amendment.

Mr. FREAR. One will deal with the 5 percent, and one will deal with the $50; is that correct?

Mr. MILLIKIN. Yes. The amendment of the Senator from Georgia removes any credit for dividends, in connection with double taxation.

Mr. FREAR. Yes.

Mr. MILLIKIN. My proposal is to retain half of the benefits that are provided in the bill as passed by the House.

Mr. FREAR. Yes.

Mr. MILLIKIN. My proposal is to reduce the dividend credit from 10 percent to 5 percent, and to keep it at 5 percent in subsequent years, instead of increasing it to 10 percent next year.

Mr. FREAR. Or, in other words, instead of increasing the $50 to $100, next year; is that correct?

Mr. MILLIKIN. Yes, instead of increasing the amount to $100, next year.

Mr. FREAR. I thank the Senator from Colorado.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Will the Senator from Georgia state how much time he wishes to have?

Mr. GEORGE. Approximately 2 minutes, Mr. President.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Georgia such time as he may desire.

Mr. GEORGE. Actually, Mr. President, I shall use only about 2 minutes.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. GEORGE. Mr. President, all this amendment of the Senator from Colorado to my amendment does is simply to reduce the amount of the dividend credit; it will reduce it by half, as I understand, but otherwise will leave in the section the other provisions. Perhaps they will be covered by a separate amendment; but even if this amendment to my amendment is the only one to be offered to section 34, and even if all the remainder of the section consistent with this amendment to my amendment should stand, the effect in this case will be merely to reduce the dividend credit to 5 percent.

Mr. President, I am anxious to take this occasion to say what I think about dividends and dividend credit. I have never said that some recognition ought not be given to dividends received, on which the full corporate rate of taxation had been imposed and paid. But I do not think the defect of the scheme set forth in the bill as passed by the House—and the proposal to cut in half the allowance made by the House is simply a proposal to make that provision half as bad as it was to begin with—is cured by this amendment to my amendment. In my judgment the scheme set forth in the bill as passed by the House is entirely wrong.

I should like to see the matter of dividend credit approached by giving appropriate deductions in order to take care of the normal tax. That was the old system, and it was not a bad one. It leaves the surtaxes unimpaired.

But at least it may be said of this amendment to my amendment that it is

only half as bad as the provision voted by the House of Representatives.

Therefore, Mr. President, I shall not offer any objection to this amendment to my amendment.

Mr. MILLIKIN. Mr. President, instead of taking further time of the Senate at this time, I ask unanimous consent to have printed at this point in the RECORD some remarks on the subject of dividends. Of course, if there is any objection to having the remarks printed without reading, I shall be glad to read them.

The PRESIDING OFFICER. Is there objection?

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

STATEMENT BY SENATOR MILLIKIN

DIVIDENDS

Ever since the first Revenue Act of 1913, following the adoption of the 16th amendment, there has been a recognition of the fact that dividends are doubly taxed, once at the corporate level and again at the shareholder level. The Revenue Act of 1913 permitted individuals to deduct from gross income dividends received from corporations. In the Revenue Act of 1916, dividends were exempted from the normal tax, and this exemption continued through World War I, and until 1936 when the undistributed profits tax was adopted. It was a Senate amendment to the 1916 act which exempted dividends from the normal tax. In the Revenue Act of 1918 the top rate for the normal tax was 12 percent, which is considerably higher than the exemption provided for in the pending bill. The present system which provides no relief from double taxation of dividends is contrary to the position taken by other countries. For example, Canada allows a tax credit of 20 percent of the dividends received. Great Britain allows a credit against the normal tax, and if the dividends are in excess of the normal tax, a refund is provided. Apart from the history of double taxation, the present system discriminates against borrowed capital as compared to equity capital. A corporation under the present system is encouraged to borrow money in order to receive a deduction for the interest paid. No deduction is allowed to corporations for dividends paid. Furthermore, the existing law actually discourages equity investment by subjecting the shareholder to a full tax on earnings which have already been taxed in the hands of the corporation. One hundred dollars of corporation earnings are taxed first to the corporation at 52 percent rates leaving $48 after the corporation tax. When the $48 is paid out in dividends it is subject to a tax in the hands of the individual shareholder from 20 percent to 91 percent. This is manifest discrimination. If the same $100 were from wages or interest income, there would be no corporation tax.

Various methods were considered as a solution to this problem. If dividends were allowed to be deducted at the corporate level, there would be no tax levied at all on earnings going to tax-exempt organizations. Furthermore, a deduction of dividends at the corporate level would in effect amount to an undistributed profits tax which would penalize small and growing companies and favor corporations with large accumulated surpluses. Another method, which was suggested and discarded was one which would permit the individual shareholder to take a deduction from gross income for the dividends received from the corporation. But such a proposal would favor the individual in the higher brackets, since such a deduction is worth more in tax savings to the individual in the higher brackets than to the individual in the lower brackets. The purpose is to relieve the individual from a part of the corporate tax. The earnings at the corporate level are taxed at the same rate whether the dividends go to a large shareholder or a small shareholder. Therefore, the bill permits a flat credit at the shareholder level, which will result in the same tax savings on the dividend whether it goes to a shareholder in the lower bracket or a shareholder in the higher bracket.

Mr. LEHMAN. Mr. President, will the Senator from Texas yield 5 minutes to me?

Mr. JOHNSON of Texas. I yield 5 minutes to the Senator from New York.

Mr. LEHMAN. Mr. President, as the distinguished Senator from Georgia has said, of course, this amendment somewhat improves the provisions in the bill now before the Senate. It cuts in half the tax benefit which would be given to those few fortunate enough to own stocks and to receive stock dividends. Therefore, obviously it is difficult to vote against this amendment. But even in its amended form this proposal constitutes an unfair burden on the great majority of taxpayers and an unfair discrimination in favor of stockholders. The provision relieving those who receive dividends of at least a part of the tax which other people must pay would benefit only 5 percent of the people of the country. It would not benefit even 1 percent of those who have incomes of less than $5,000. I realize that the amendment is a slight improvement in the bill, as reported out by the committee, but we must eliminate this entire provision giving a special tax credit to stockholders. I hope that before the bill comes to final passage we may be able to adopt an amendment which will completely wipe out the 10 percent relief originally provided in the bill, which it is now proposed to reduce to 5 percent. Eliminating this special benefit to stockholders would improve this bill significantly, although the bill as a whole is, as has been said on this floor, a tissue of monstrosities, interlarded with a few minor benefits for those who really need and deserve tax relief. We who have been fighting for equitable taxation should certainly not be deluded by this pending amendment. Even as it would be amended, it still constitutes a very unfair proviso, a proviso which benefits less than 5 percent of all the people of the country and less than 1 percent of people of low incomes, incomes of $5,000 or less.

Mr. GEORGE. Mr. President, let me say to the distinguished Senator from New York that the situation before the Senate is simply this: Inasmuch as the amendment offered by several members of the Finance Committee proposes to eliminate this section altogether, those who oppose the amendment have the right to perfect the section, and we shall still be in a position, if we wish to do so, to offer an amendment to strike it out after it has been perfected.

Mr. LEHMAN. I think every Member of the Senate knows that on tax matters I usually am moved to follow the Senator from Georgia. I believe he knows more about taxation than does any other Member of this body.

Mr. GEORGE. I appreciate the Senator's statement.

Mr. LEHMAN. I will follow him in this instance, but we should do everything possible to wipe out this tax-forgiveness provision on dividend income entirely.

Mr. MILLIKIN. Mr. President, may I inquire about my time? Is all this colloquy coming out of my time?

The PRESIDING OFFICER. The Senator from Colorado has 23 minutes remaining.

Mr. MILLIKIN. On the pending amendment?

The PRESIDING OFFICER. On the pending amendment.

Mr. MILLIKIN. I do not care to prolong the debate on something which seems to be pretty well agreed upon.

Mr. JOHNSON of Texas. Mr. President, if it is agreeable to the distinguished chairman of the committee, inasmuch as there seems to be general agreement on the amendment, we are willing to yield back the remainder of our time if the Senator from Colorado will yield back his time; and we are willing to have a voice vote.

Mr. MILLIKIN. I am willing to have a voice vote on this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. MILLIKIN].

The amendment was agreed to.

Mr. MILLIKIN. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado will be stated.

The CHIEF CLERK. On page 9 of the House bill in section 34, (2) in subsection (b) (2), it is proposed to strike out subparagraphs (b) and (c) and insert "(b) 5 percent, in the case of taxable year ending after December 31, 1954."

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

Mr. MILLIKIN. I yield.

Mr. JOHNSON of Texas. Does the chairman of the committee have copies of this amendment available?

Mr. MILLIKIN. Yes.

Mr. JOHNSON of Texas. Will the Senator give us an explanation of the pending amendment?

Mr. MILLIKIN. The pending amendment is a purely technical amendment, perfecting that which has already been done. It introduces nothing new into the situation. The purpose is merely to perfect what has been accomplished by the amendment just agreed to.

The PRESIDING OFFICER. The Chair reminds the Senator that the time is under control. The Chair would like to know how much time the Senator yields himself.

Mr. MILLIKIN. I yield myself 1 minute.

The proposed amendment is simply a perfecting amendment, to make effective the amendment which has already been agreed to.

Mr. GEORGE. This amendment is consistent with the amendment previously agreed to.

Mr. MILLIKIN. That is true.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. MILLIKIN].

The amendment was agreed to.

Mr. MILLIKIN. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado will be stated.

The CHIEF CLERK. On page 9 of the bill it is proposed to add the following new subsection to section 34:

(f) Credit for additional personal exemption of $100:

(1) Computation: There shall be allowed to an individual who has elected to take the credit provided by this subsection for the taxable year, as a credit against the tax imposed by this subtitle for the taxable year, an amount equal to an additional personal exemption of $100 multiplied by the rate provided in section 1 for the first $2,000 of taxable income. In the case of a taxable year to which this subtitle applies and which begins before July 1, 1954, the credit shall be one-half of the amount specified in the preceding section.

(2) Limitations on amount of credit. The credit allowed by paragraph (1) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the credits allowed under section 32 (2) (relating to tax withheld at source on tax-free covenant bonds), section 33 (relating to foreign-tax credit), and section 35 (relating to partially tax-exemption interest).

(3) Certain credits, deductions, etc., not allowed: If an individual elects to take the credit allowed by paragraph (1) for a taxable year, then (a) the credit provided by section 34 (a) (relating to dividends received by individuals) shall not be allowed.

(b) The credit provided by section 37 (relating to retirement income) shall not be allowed.

(c) Section 116 (relating to partial exclusion from gross income of dividends received by individuals) shall not apply.

(d) The deduction allowed by section 167 (relating to depreciation) shall be computed without regard to the methods referred to in section 167 (b) (2), (3), and (4).

(e) The deduction allowed by section 214 (relating to expenses for care of certain dependents) shall not be allowed.

(4) Method and effect of election:

(a) The election provided by paragraph (1) shall be made in the return, and the Secretary or his delegate shall by regulations prescribe the manner of signifying such election in the return.

(b) If the taxpayer on making his return fails to signify in the manner prescribed under paragraph (4) (a), shall elect to take the credit provided by paragraph (1), such failure shall be considered an election not to take the credit.

(c) Under regulations prescribed by the Secretary or his delegate, a change of an election for any taxable year to take, or not to take, the credit provided by paragraph (1) may be made after the filing of the return for such year.

(5) Certain nonresident aliens ineligible for credit: No credit shall be allowed under paragraph (1) to a nonresident alien individual with respect to whom a tax is imposed for the taxable year under section 871 (e).

Mr. MILLIKIN. Mr. President——

Mr. JOHNSON of Texas. Mr. President, will the Senator from Colorado yield for a question?

Mr. MILLIKIN. I yield.

Mr. JOHNSON of Texas. I ask the Senator this question, and for that purpose I yield myself 1 minute. This amendment seems to be a rather lengthy, involved, and technical amendment. Are copies of it available?

Mr. MILLIKIN. I understand that they either are available or they are being multigraphed.

Mr. JOHNSON of Texas. Is the amendment now being offered one of a series of amendments which were produced at the caucus this morning?

Mr. MILLIKIN. This is another of a series of amendments which I am offering. It deals with exemptions.

Mr. JOHNSON of Texas. If the Senator could tell us where I might ferret out a copy of the amendment I should like to know so that we could obtain a copy of it. It seems to me to be a rather far-reaching amendment, and it is difficult for us to understand an involved, lengthy, and technical amendment to a very important bill, without having a copy before us.

Mr. MILLIKIN. I do not want the Senator to do any ferreting.

Mr. JOHNSON of Texas. Could the Senator tell me where I could get a copy of it without ferreting?

Mr. MILLIKIN. If the Senator will listen I will tell him that, in due course, as soon as the multigraphs can grind out the copies, he will be furnished with a copy of the amendment.

Mr. JOHNSON of Texas. The Senator from Texas will await the distinguished chairman's pleasure. When he is able to deliver a copy the Senator from Texas will be delighted to receive it.

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

Mr. MILLIKIN. I yield.

Mr. KERR. The Senator from Oklahoma would like to know if the amendment offered by the distinguished Senator from Colorado is open to amendment.

Mr. MILLIKIN. That I do not know. That is a parliamentary situation.

The PRESIDING OFFICER (Mr. BARRETT in the chair). The amendment offered by the Senator from Colorado is an amendment in the second degree, and it is, therefore, not open to further amendment.

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

Mr. MILLIKIN. I yield.

Mr. KERR. Is it true that the most the amendment would do would be to provide not to exceed a tax credit of $20, limited only to the taxpayer?

Mr. MILLIKIN. Yes; to each taxpayer. A husband and wife would get a $40 credit.

Mr. KERR. A workingman with five children would with his wife get a credit, but would not get any credit for any of the children?

Mr. MILLIKIN. The children would continue to get the same deduction to which they are now entitled.

Mr. KERR. There would be no additional deduction received under the dependency exemption?

Mr. MILLIKIN. The amendment would not give anything additional to what is now given to them. It is a very high rate at the present time. It would not run to the middle and upper brackets.

Mr. KERR. I congratulate the Senator on the fact that it would not benefit those in the upper brackets. However, is it not correct to say that it would be limited to those in the lower brackets in that a father and mother would have only a $40 tax saving, regardless of how many children were dependent upon them?

Mr. MILLIKIN. This amendment does not add an additional deduction for children. Let me give the Senator——

Mr. KERR. Will the Senator answer my question?

Mr. MILLIKIN. I will be glad to answer the Senator's question, but I hope the Senator will let me do a little talking, too. I will let him talk first, if he does not use too much of my time.

Mr. KERR. I do not intend to use too much of the Senator's time. I should like to know whether under the amendment the total credit that would go to a father and mother would be only $40, regardless of how many children they might have.

Mr. MILLIKIN. So far as the children are concerned, the amendment does not add any new deduction. It is confined to $20 for 1 person, and to $40 for 2 persons, if both of them are taxpayers. That avoids the difficulty of running a greater exemption all the way up the line, as the proposed George amendment does, thereby benefiting to the extent of $20 the fellow at the bottom, and to the extent of $91 to the fellow at the top. It prevents that kind of effect, which is the kind of effect I understand the opposition wanted to avoid.

The PRESIDING OFFICER. Will the Senator from Colorado state how much time he is yielding himself?

Mr. MILLIKIN. When I can get some time I shall yield myself 10 minutes.

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

Mr. MILLIKIN. I yield.

Mr. HUMPHREY. The Senator states that there is a $20 tax credit for each taxpayer provided in his amendment.

Mr. MILLIKIN. That is correct.

Mr. HUMPHREY. Therefore, a widow with six children would receive a credit of only $20. Is that correct?

Mr. MILLIKIN. Of course, there are other benefits in the bill for a widow.

Mr. HUMPHREY. But in this instance, as a taxpayer, she would get a credit of only $20?

Mr. MILLIKIN. So far as this amendment is concerned, she would not get any additional credit. However, there are other benefits to be considered, and she would have the alternative of taking the other benefits or this benefit.

Mr. HUMPHREY. The Senator has modified his stock dividend credit proposal which came from the committee by cutting it in the second year to 5 percent, instead of leaving it at 10 percent. Is that correct?

Mr. MILLIKIN. That is correct.

Mr. HUMPHREY. In an effort to salvage the 5 percent, has the Senator struck out the allowance for the dependents of a family by giving an individual tax credit of $20 to the taxpayer?

Mr. MILLIKIN. If I understand the Senator, the answer is that the present allowance is continued.

Mr. HUMPHREY. Yes; but the proposal with which the Senator from Colorado now comes forth was not contained in the committee bill.

Mr. MILLIKIN. That is correct.

Mr. HUMPHREY. Any more than was the proposal to cut the stock dividend credit from 10 percent to 5 percent.

Mr. MILLIKIN. That is correct.

Mr. HUMPHREY. Is the Senator, in an effort to salvage the provision with regard to stock dividend credits, by cutting it from 10 percent to 5 percent, coming forth with a proposal to give a tax credit of $20 to a taxpayer but sacrificing any further exemption allowance for dependents?

Mr. MILLIKIN. The Senator is asking a very argumentative question.

Mr. HUMPHREY. That is the purpose of the question.

Mr. MILLIKIN. I do not respond to argumentative questions. If the Senator from Minnesota will eliminate all the argument, which he can use on his own time, I shall be glad to answer his question.

Mr. HUMPHREY. I will ask the question without the argument. In proposing his alternative to what is now in the committee bill, obviously having in full view the George amendment, which undoubtedly brought about this sudden change of emphasis in the tax policy of the Republican leadership, is it not true that the Senator has in mind, in order to save the 5 percent stock dividend credit, to ease in a minor tax reduction for the taxpayer, but to exclude, so to speak, the family? In other words, the emphasis is now upon bachelorhood, not upon the family. Is that correct?

Mr. MILLIKIN. I am not dealing with emphasis, and I am not dealing with salvaging anything. The fact is that the Senate itself has accepted the amendment so far as the 5 percent credit is concerned.

Mr. HUMPHREY. In all equity, in view of the tremendous responsibilities of a family man, who bears the burdens of supporting a family, does the Senator believe that a tax credit to him of $20 is fair, as compared with a tax credit to a family with dependents and giving an allowance for the dependents?

Mr. MILLIKIN. The Senator from Minnesota should not take an isolated provision of the bill and consider it without relation to other provisions. The bill is full of benefits. I have recited them. I have recited the kind of benefits which would be extended to the people the Senator is talking about, who are not in the upper brackets. Therefore, the Senator must take the whole bill into consideration. I have recited the benefits, and I shall be glad to recite them again. No doubt I shall recite them again during the debate. The people in the lower brackets get benefits from a multitude of sources.

Mr. HUMPHREY. Will the Senator tell us the many benefits the people in the upper brackets get?

Mr. MILLIKIN. That has been discussed.

Mr. HUMPHREY. I assure the Senator it will be discussed in full detail.

Mr. MILLIKIN. Then I do not want to bother discussing it now.

Mr. HUMPHREY. I ask the Senator this question: Does the Senator's amendment have as its purpose an alternative for the George amendment?

Mr. MILLIKIN. In combination, the two of them together, the dividend part that we are talking about and the exemption part, are supposed to be a substitute for the George amendment.

Mr. HUMPHREY. What we have done is to sacrifice the children for the stock-coupon clipper, is that correct?

Mr. MILLIKIN. The Senator is orating now.

Mr. HUMPHREY. Is that correct?

Mr. MILLIKIN. That is not correct. I do not want the Senator to orate in my time.

Mr. HUMPHREY. Is it not true that we have sacrificed the dependency allowance?

Mr. MILLIKIN. That is not true.

Mr. HUMPHREY. Is it not true that we have sacrificed it for the stock dividend credit?

Mr. MILLIKIN. Nothing has been sacrificed.

Mr. HUMPHREY. The George amendment gives extra benefits to dependents. Is that correct?

Mr. MILLIKIN. The George amendment would give the benefits to a larger group than would my substitute. My substitute is limited to the taxpayer, but it does not take away anything dependents already have.

Mr. HUMPHREY. Why should we exclude dependents from some benefits in this grandiose beneficiary bill, when we give benefits to the stock-dividend receiver and benefits to a host of enterprises? Why is it that the dependents of a family are excluded from any consideration in this bill?

Mr. MILLIKIN. They are not excluded. They get $600, which is the largest amount of record.

Mr. HUMPHREY. That has been the law.

Mr. MILLIKIN. Yes; but because the Senator ate his breakfast this morning, it should not exclude him from eating his breakfast tomorrow morning——

Mr. HUMPHREY. What about dependents? Let us go 50–50, and not 1 horse and 1 rabbit. Let us have it equal.

Mr. MILLIKIN. Under the Senator's theory, we would run the costs up so high as to be a burden that this country should not have to accept at this time. That is the difficulty. If we were taking away something, it would be a horse of a different color; but we are not.

The PRESIDING OFFICER. The Chair would advise the Senator from Colorado that the time he allotted to himself on this amendment has expired. The Senator has 50 minutes time remaining. How much additional time does the Senator yield himself?

Mr. MILLIKIN. I will take 15 minutes, to start with, Mr. President.

In 1916 the allowance for dependents was $200. That continued until 1923, when the allowance became $400. It remained at $400 until 1943, when it was reduced to $350.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. JOHNSTON of South Carolina. Will the Senator tell us also about the exemptions for heads of families?

Mr. MILLIKIN. In 1913 the exemption for married persons was $4,000. In 1917 it became $2,000.

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

Mr. MILLIKIN. I yield.

Mr. JOHNSON of Texas. Will the Senator give us some indication as to when it might be possible to have a copy of the amendment? Some of the distinguished minority members of the Finance Committee want to analyze it. Would the Senator give consideration to perhaps recessing the Senate until we can get a copy of it? We have been trying to locate one. The clock is ticking and time is running, and we have to vote upon the amendment. I think we should have an opportunity to read, study, and try to analyze it in the time remaining.

Mr. MILLIKIN. Mr. President, we are trying to get the amendment before the Senate. While we are waiting for it, why not use a little time to discuss a very important matter?

Mr. JOHNSON of Texas. Does the Senator anticipate that the amendment will be here shortly?

Mr. MILLIKIN. Yes.

Mr. President, I was talking about dependents, when the Senator from South Carolina [Mr. JOHNSTON] asked me to discuss exemptions.

The exemption for dependents was reduced to $1,500 in 1941. In 1943 it was reduced to $1,200.

The exemption for a single person started at $3,000 in 1915. In 1917 it was reduced to $1,000. It continued at $1,000 until 1928, when it was raised to $1,500. That continued until 1935, when it was reduced to $1,000. It was $1,000 from 1936 to 1939. It was reduced to $800 in 1940. It was reduced to $750 in 1949. It was reduced in 1942 and 1943 to $500 and it continued at $500 until 1948, when it was raised to $600. It is still $600.

Mr. President, the amendment before us allows a single taxpayer an additional $100 exemption, computed by allowing a tax credit equal to the first bracketed rate on such $100 exemption. At the present time the first bracketed rate is 20 percent.

The unmarried taxpayer would have his tax reduced to $480 by allowing this credit.

I have already given this information to the Senate, but I repeat that much of it to keep those salient facts in mind.

The difficulty with the George amendment is that it extends its benefits all the way up to the top brackets, with an enormous additional cost, a cost which is so high that I suggest it should not be borne by the Treasury at this time.

The proposal which I am trying to substitute contains, as I have said before, first, a reduction in the dividend credit provision, cutting it, roughly, in half; second, it gives credit where the opponents of the bill say the credit is due, to-wit, to the lower income-tax brackets. It does not increase the benefits running clear on up through the whole scale of taxpayers. It does not increase the

benefits for dependents more than the $600 which they now have. That is a question we have just discussed.

If the various amendments proposed by me are adopted, I think we will have a much more practical bill, a much more feasible bill. We must take into consideration the financial situation of the Government of the United States. While my amendments involve some cost to the Treasury, they do not represent nearly the cost to the Treasury the George amendments represent, and yet they give a recognition to the problems of many of our citizens. What we do under this combination is to allow an election. The taxpayer can take a look at the law and elect to proceed under whichever provision is better for him. We are not forcing anything adverse on him. There is a clear election and a clear choice as to course.

Mr. President, I have no desire at this time to say anything more.

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

Mr. MILLIKIN. I yield.

Mr. COOPER. Perhaps I missed it in the Senator's earlier statement, but did the Senator state what loss in revenue would result if this amendment should be adopted?

Mr. MILLIKIN. I think the loss on this particular amendment would be $960 million. The loss on the George amendment would be $2,400,000,000.

Mr. COOPER. Can the Senator from Colorado estimate the number of taxpayers who would be affected and would receive benefits if the amendment were adopted?

Mr. MILLIKIN. If the George amendment should be adopted, about 5 million persons would be taken off the tax rolls. As nearly as can be determined, if the substitute amendment were adopted, about 2 million persons would be taken off the tax rolls.

Mr. COOPER. I thank the Senator from Colorado.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, the time for the quorum call to be charged to neither side.

The first 2 or 3 amendments have been mimeographed and are now available. The amendment which is now under consideration has been mimeographed, and I understand the pages are on their way to the Chamber with copies.

With the understanding I have stated, I suggest the absence of a quorum.

Mr. JOHNSON of Texas. Mr. President, reserving the right to object—and I shall not object—I wish to commend the majority leader for his fairness in suggesting the absence of a quorum, and that the time for the quorum call not be charged to either side.

I think, however, that the necessity for his request, namely, to make it possible to obtain copies of extremely important amendments, points up the danger of trying to write into a tax bill a detailed, lengthy, technical amendment affecting millions of lives and billions of dollars without having copies of the amendment available for consideration.

I am willing to agree to have a quorum call, or to do anything else which is necessary, if it will result in the production of copies of the amendment which is presently under consideration. We have been speaking for several minutes about an amendment, a copy of which we have never seen. The members of the Committee on Finance, who considered the bill for many weeks, have never been confronted with the amendment. Yet in less than 2 hours we shall be called upon to vote "yea" or "nay" on an amendment which has still to be produced.

I am willing to agree to have a quorum call, in the hope that a copy of the amendment can finally be obtained, at least before the Senate is called upon to vote on it.

Mr. KNOWLAND. I desire to suggest the absence of a quorum. Of course, the amendment, under Senate rules, has been reduced to writing. I have been a Member of the Senate for 9 years, and I have seen much important legislation considered without the availability of either mimeographed or printed amendments.

Mr. JOHNSON of Texas. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I will yield in a moment.

Mr. JOHNSON of Texas. Will not the Senator yield, so that I may ask him a question on the point he is making?

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. In the 9 years the Senator has been a Member of the Senate, has he ever seen offered to a tax bill a lengthy, technical amendment, involving millions of persons and billions of dollars, when there was not a printed copy of the amendment at the desk?

Mr. KNOWLAND. The amendment has been read.

Mr. JOHNSON of Texas. Oh, I understand that it has been read. But has the Senator from California in his 9 years in the Senate, ever experienced a situation such as this?

Mr. KNOWLAND. No.

Mr. JOHNSON of Texas. The distinguished Senator from Georgia [Mr. GEORGE], the former chairman of the Committee on Finance, has stated that he has never observed a situation such as this in his experience.

Mr. KNOWLAND. I do not believe that I know of a parallel situation.

Mr. JOHNSON of Texas. I thank the Senator from California for his frankness.

Mr. KNOWLAND. Under the rules of the Senate, it is necessary, of course, for an amendment to be reduced to writing, as has been done in the case of the pending amendment. The amendment has been read at the desk and has been explained by the Senator from Colorado.

Copies of the amendment are now being mimeographed. The previous amendments are on the desks of all Senators.

I suggest the absence of a quorum.

The PRESIDING OFFICER. Without objection, the unanimous-consent request of the Senator from California is granted.

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	McClellan
Bennett	Gore	Millikin
Bowring	Green	Monroney
Bricker	Hayden	Morse
Bridges	Hendrickson	Mundt
Burke	Hennings	Murray
Bush	Hickenlooper	Neely
Butler, Md.	Hill	Pastore
Butler, Nebr.	Holland	Payne
Byrd	Humphrey	Potter
Capehart	Ives	Purtell
Carlson	Jackson	Robertson
Case	Jenner	Russell
Chavez	Johnson, Colo.	Saltonstall
Clements	Johnson, Tex.	Schoeppel
Cooper	Johnston, S. C.	Smathers
Cordon	Kefauver	Smith, Maine
Crippa	Kennedy	Smith, N. J.
Daniel	Kerr	Sparkman
Dirksen	Kilgore	Stennis
Douglas	Knowland	Symington
Duff	Kuchel	Thye
Dworshak	Langer	Upton
Eastland	Lehman	Watkins
Ellender	Lennon	Welker
Ervin	Long	Wiley
Ferguson	Magnuson	Williams
Flanders	Malone	Young
Frear	Mansfield	

The PRESIDING OFFICER. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. BARTLETT, one of its clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 8149) to amend the hospital survey and construction provisions of the Public Health Service Act to provide assistance to the States for surveying the need for diagnostic or treatment centers, for hospitals for the chronically ill and impaired, for rehabilitation facilities, and for nursing homes, and to provide assistance in the construction of such facilities through grants to public and nonprofit agencies, 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:

H. R. 2636. An act for the relief of George Japhet;

H. R. 5436. An act for the relief of David Hanan;

H. R. 8067. An act 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;

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;

H. R. 9447. An act 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;

H. R. 9474. 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;

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

H. R. 9517. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenue of said District for the fiscal year ending June 30, 1955, and for other purposes.

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.

The PRESIDING OFFICER. Does the Senator from Colorado desire time; and, if so, how much time does he yield to himself?

Mr. MILLIKIN. I yield myself 15 minutes, or so much thereof as I may use.

The PRESIDING OFFICER. The Senator from Colorado is recognized for 15 minutes.

Mr. MILLIKIN. Mr. President, all the theories about what may be called the unrestrained $100 exemption—that is, the exemption which runs all the way up the line, with the benefit to persons in the lower income brackets being $20, and the benefit to those in the higher income brackets being $91—proceed on the theory that there must be an enlargement of the amount of money available to be spent by persons in the lower income-tax brackets.

We already have demonstrated, I believe, that the bill affords many advantages down the line, which benefits will flow into the economic stream, and should be good for every feature of the economy.

I think the story has somewhat changed as this subject has developed. I do not hear so much talk about the horrible situation in which we find ourselves.

In spite of curtailed production attributable to adjustments in business inventories, basic confidence in the country's future, along with well-timed Government action, has kept consumption, construction, and business capital expenditures at high levels. The notable feature of the current period of adjustment has been the absence of the sort of compounding or spiraling effect which leads to serious recessions.

The following are among the highlights of the past year:

From a high of 137 in July of last year, the index of industrial production dropped steadily to 123 in March of this year; it steadied in April, and rose to 125 in May.

Average weekly hours worked in manufacturing followed substantially the same pattern, falling from a high of 41.1 in March 1953, to a low of 39.0 in April, and rising to 39.3 in May.

Our success in weathering this period of decline, which apparently has come to an end, and has started up, is shown by the following facts.

Personal income in April was at the rate of $282.0 billion, less than 1 percent below the level of $284.5 billion for 1953. Mr. President, let me repeat that statement: Personal income in April was at the rate of $282.0 billion, or less than 1 percent below the level of $284.5 billion for 1953.

Disposable personal income for the first quarter of this year was at the rate of $249.8 billion, $4.4 billion higher than in the first quarter of 1953, and $1.9 billion higher than the figure for the full year 1953. The increase in disposable personal income reflects the tax cuts which became effective in January.

Consumer expenditures in the first quarter of this year were at the annual rate of $229.8 billion, which was $2.1 billion higher than the figure for the first quarter of last year. Mr. President, let me repeat that statement: Consumer expenditures in the first quarter of this year were at the annual rate of $229.8 billion, which was $2.1 billion higher than the figure for the first quarter of last year.

Personal savings were also higher, at an annual rate of $20 billion, up $2.3 billion from the level of a year ago. Thus, people had more income; they were spending some of the increase, and were saving the rest.

Construction has continued at a high level, with total new construction in May rising above the previous record high. Through May, new construction was 2 percent above the same period of last year and the Departments of Commerce and Labor have revised their estimates for the full year upward by $2 billion, to a new record high of $36 billion.

Expenditures for new plant and equipment were at a rate of $27.48 billion annually in the first quarter of this year against $27.84 billion in the same period of last year.

The decreases in production reflected, as noted earlier, a decline in business inventories, which dropped from a high of $82 billion last September to $79.6 billion in April.

Prices in general have shown no evidence of distress selling or lack of confidence. The wholesale-price index in May was 110.9 compared with 109.8 in May 1953. The index of prices received by farmers in the month ending May 15 was 258, exactly equal to the 1953 monthly average and up 9 points from the low of 249 last October and November. Recently prices of sensitive commodities have risen substantially, with the combined index of 22 such commodities going up from 88.2 on March 3 to 92 on June 23. As specific examples, the price of steel scrap rose in this same period from $25 to $30 a ton, lead scrap from 5.6 to 7.6 cents a pound, and wool tops from $1.90 to $1.98½ a pound.

So there is no longer, as a basis for any of the measures before the Senate, either that proposed by the Senator from Georgia or the substitute proposed by myself, the argument that these things must be done or there will be a complete collapse of our economy. Developments have removed that kind of argument from this debate.

I should like to read the amendment which is being considered at the present time:

On page 9 of the House bill, it is proposed to add the following new subsection to section 34:

"(f) Credit for additional personal exemption of $100:

"(1) Computation: There shall be allowed to an individual who has elected to take the credit provided by this subsection for the taxable year, as a credit against the tax imposed by this subtitle for the taxable year, an amount equal to an additional personal exemption of $100 multiplied by the rate provided in section 1 for the first $2,000 of taxable income.

I remind Senators again that any taxpayer who figures that he is better off without the provisions of this substitute can take the regular method of determining his tax liability. This substitute forces nothing on anyone that is adverse to him.

In the case of a taxable year to which this subtitle applies and which begins before July 1, 1954, the credit shall be one-half of the amount specified in the preceding section.

That merely takes care of a half-year division.

"(2) Limitations on amount of credit: The credit allowed by paragraph (1) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the credits allowed under section 32 (2) (relating to tax withheld at source on tax free covenant bonds), section 33 (relating to foreign tax credit), and section 35 (relating to partially tax exemption interest).

"(3) Certain credits, deductions, etc., not allowed: If an individual elects to take the credit allowed by paragraph (1) for a taxable year, then (a) the credit provided by section 34 (a) (relating to dividends received by individuals) shall not be allowed.

"(b) The credit provided by section 37 (relating to retirement income) shall not be allowed.

"(c) Section 116 (relating to partial exclusion from gross income of dividends received by individuals) shall not apply.

As I explained earlier in the day, we are not piling up credits. A taxpayer must elect whether he wishes to take a certain credit and forgo certain others, or take the others.

"(d) The deduction allowed by section 167 (relating to depreciation) shall be computed without regard to the methods referred to in section 167 (b), (2), (3), and (4).

"(e) The deduction allowed by section 214 (relating to expenses for care of certain dependents) shall not be allowed.

"(4) Method and effect of election:

"(a) The election provided by paragraph (1) shall be made in the return, and the Secretary or his delegate shall by regulations prescribe the manner of signifying such election in the return.

"(b) If the taxpayer on making his return fails to signify in the manner prescribed under paragraph (4) (a), shall elect to take the credit provided by paragraph (1), such failure shall be considered an election not to take the credit."

I believe I have already stated that there is a clear alternative for those who would take the benefits provided by the substitute, and those who would take the benefit provided by the bill without the substitute.

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

Mr. MILLIKIN. I yield.

Mr. ROBERTSON. The committee report indicates that if we pass the committee version of the bill, the reduction in revenue will be slightly under $1½ billion. What would be the total reduction in revenue if we were to modify the committee bill along the lines of the composite amendments offered by the distinguished Senator from Colorado in

lieu of the amendment on personal exemptions offered by the distinguished Senator from Georgia?

Mr. MILLIKIN. Is the Senator asking me the difference in cost as between the two systems?

Mr. ROBERTSON. No. The question is, What will be the total cost to the Government? I understand that the cost to the Government of the committee version, assuming the continuance for another year of the present corporate rates, would be $1,200,000,000. But what would be the total cost to the Government of the tax reductions now being proposed, as modified by the substitute of the Senator from Colorado?

Mr. MILLIKIN. The George amendment would cost $657 million in the fiscal year 1955. It would cost $1,760,000,000 in the fiscal year 1956. It would cost $1,575,000,000 in the fiscal year 1957.

The cost of the substitute would be $500 million in the fiscal year 1955; $730 million in the fiscal year 1956; and $548 million in the fiscal year 1957.

Mr. ROBERTSON. Is the Senator from Virginia justified in assuming that if we adopt the substitute for the George amendment we shall reduce the revenue approximately $2 billion?

Mr. MILLIKIN. As I stated, the revenue would be reduced $657 million in 1955, $1,760,000,000 in 1956, and $1,575,000,000 in 1957.

Mr. ROBERTSON. On top of the reduction which goes to corporations, the modified reduction to stockholders, the $10 million to farmers for soil conservation, and all the other things in the bill, which add up to approximately $1½ billion, the cost of the substitute would be $500 million more.

Mr. MILLIKIN. Yes; I think that is correct. However, I wish to invite attention to the fact that for the first year we are proposing to continue the present corporate rates, which will, for 1 year, considerably better the situation.

Mr. ROBERTSON. I understand that the Senator's substitute will cost substantially less than the George amendment.

Mr. MILLIKIN. Very much less.

Mr. ROBERTSON. But I understand also that the Senator's substitute will still reduce the revenue by nearly $2 billion, assuming that the Government will continue to receive the $1,200,000,000 of revenue from the present tax on corporations. With that in view, the Senator from Virginia proposes a third proposal or amendment, to strike out of the bill everything after the enacting clause and to insert a provision to continue the corporate rates and to postpone action on the other provisions, because it is money we will have to borrow.

Mr. MILLIKIN. The Senator from Virginia is now making an argument on his own proposal, which I assume he will develop as time goes on.

Mr. ROBERTSON. I thank the Senator.

Mr. MILLIKIN. What I wish to point out is that so far as the George amendment is concerned, the net cost of it will be $657 million dollars in 1955, as opposed to $500 million by way of my substitute. In 1956 the George amendment will cost $1,760,000,000, as opposed to $730 million by my substitute. The George amendment, during 1957, will cost $1½ billion, as opposed to $548 million.

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

Mr. MILLIKIN. I yield.

Mr. ROBERTSON. I ask the Senator, if he entertained the views of the junior Senator from Virginia, namely, that we cannot afford to give anyone any tax relief, whether he would not vote against both proposals.

Mr. MILLIKIN. I would not vote against both of them, because I cannot join in that belief. I resume reading the amendment which I started to read a while ago:

(c) Under regulations prescribed by the Secretary or his delegate, a change of an election for any taxable year to take, or not to take, the credit provided by paragraph (1) may be made after the filing of the return for such year.

(5) Certain nonresident aliens ineligible for credit: No credit shall be allowed under paragraph (1) to a nonresident alien individual with respect to whom a tax is imposed for the taxable year under section 871 (e).

I should like to say very briefly that I consider the fatal defect in the George amendment to be that it proceeds on the assumption that some segments of our people would not get any benefit under this bill and that we should give them benefits because they are in the lower brackets. However, the George amendment does not stop at that point. It goes clear on up through all the taxpayers. As I stated earlier, it gives a $20 benefit to the low-bracket man, and gives a $91 credit to the highest bracket man.

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

Mr. MILLIKIN. I yield.

Mr. LONG. Would the Senator be willing to modify his amendment so that the person who receives stock dividends would receive his benefit on the same principle that those in the upper income brackets receive their benefit under the proposal discussed by the Senator from Colorado?

Mr. MILLIKIN. I would not be willing to so modify it, because the stock dividend question has already been decided by the Senate.

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

Mr. MILLIKIN. I yield.

Mr. LONG. I should like to ask if it would not be extremely complicated for a person in preparing his tax return to determine he should take the $20 reduction, or whether he would benefit more by one proposal and then by another and so on down through perhaps 7 or 8 different proposals? In others words, it would be necessary to check if the benefit is taken under 1 of 7 or 8 different proposals.

Mr. MILLIKIN. I never knew of any alternative in a tax law, which would allow a taxpayer a greater benefit if he should take advantage of it, which was too complicated for consideration.

Mr. LONG. Will the Senator explain the items which would cause a taxpayer to lose benefits?

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. MILLIKIN. How much time do I have remaining?

The PRESIDING OFFICER. The Senator from Colorado has 15 minutes remaining.

Mr. MILLIKIN. On the amendment?

The PRESIDING OFFICER. That is correct.

Mr. MILLIKIN. I yield myself 5 minutes.

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

Mr. MILLIKIN. I have agreed to yield first to the Senator from Louisiana. Will the Senator from Louisiana repeat his question?

Mr. LONG. I should like to understand the various causes which would require a person to lose the benefit of the proposed $20 credit. As I understand it, if the person happened to be one who hires a babysitter, he could not get the benefit of the $20 deduction.

Mr. MILLIKIN. I read from the amendment. There are certain credits and deductions that are not allowed:

If an individual elects to take the credit allowed by paragraph (1) for a taxable year, then (a) the credit provided by section 34 (a) (relating to dividends received by individuals) shall not be allowed.

In other words, those who are saying that there is a deficiency at the bottom of the scale should not add the benefits at the top to the credit that is given at the bottom:

(b) The credit provided by section 37 (relating to retirement income) shall not be allowed.

(c) Section 116 (relating to partial exclusion from gross income of dividends received by individuals) shall not apply.

(d) The deduction allowed by section 167 (relating to depreciation) shall be computed without regard to the methods referred to in section 167 (b), (2), (3), and (4).

(e) The deduction allowed by section 214 (relating to expenses for care of certain dependents) shall not be allowed.

The point of it all is that it exercises a restraint on the unabridged quality of the amendment of the Senator from Georgia [Mr. GEORGE], which runs these benefits clear up to the top, with the result that we give the fellow at the bottom $20 and the fellow at the top $91.

My amendment would limit that by the method that I have mentioned. However, it would bring a benefit to the lowest-bracket fellow, and he could take it; or, if he should prefer other benefits, he could take those instead, but he should not be able to pile one on top of the other and get them all.

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

Mr. MILLIKIN. I yield.

Mr. GORE. The able Senator from Colorado continually refers to the upper bracket and the lower bracket. Will he indicate whether a working mother who may be in the lower bracket would be entitled to the $20 credit?

Mr. MILLIKIN. I was diverted for a moment. I did not catch the last part

of the Senator's question. Will he repeat it?

Mr. GORE. Would the distinguished Senator from Colorado indicate whether the $20 credit would be available to a working mother if she employs a baby sitter?

Mr. MILLIKIN. She would get that benefit under the bill.

Mr. GORE. In other words, in order to get the $20 benefit the Senator would require the working mother, or working widow, to give up the other benefits. Is that correct?

Mr. MILLIKIN. We have already looked at that lady's situation and given her benefits under the bill.

Mr. GORE. The Senator has a very charming way of not answering questions directly. Will the Senator reply specifically to my question?

Mr. MILLIKIN. Will the Senator permit me to say this? We have allowed these various benefits to people all the way up and down. We have made special provisions for taking care of dependent children whose mothers are employed. There are many beneficial provisions of that kind throughout the bill. We are allowing this credit to people in the lower income brackets, pursuant to the complaint made, "You are doing so much for this group or that group or the other group, but you are doing nothing for the people in the lowest bracket." We aim to help those in the lower brackets, but we are not aiming to help them by piling up and compounding for them all the other benefits in the bill.

Mr. GORE. I am asking the Senator a question, not about someone in the high-income bracket, but about someone in the lowest bracket, namely, a working mother, who takes advantage of the small benefit given her in this bill. If she takes advantage of the other benefit, she would not be given this measley $20 credit. Is that correct?

Mr. MILLIKIN. Not if she were properly looking after her finances. She already receives $480 out of the other provisions of the bill. In order to get another $20 she is not going to sacrifice $480.

Mr. GORE. In order to get the $20 she would have to give up that which the Senator in his benevolence has granted——

Mr. MILLIKIN. The Senator assumes a lot of foolishness on the part of those people which I am not assuming. We have already provided $480 for the lady. If she wants another $20 and wishes to sacrifice the larger amount, I am not sure it should move us too deeply. But I thoroughly agree that she should have this other relief, and I have so voted.

Mr. President, I wish someone else would take a little time.

Mr. GORE. I shall be glad to use a little time.

Mr. MILLIKIN. All these interruptions are out of my time. Time has not been taken once by opponents of the substitute which I am offering.

Mr. GORE. Does not the distinguished Senator feel that he is obligated to explain his amendment?

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. MILLIKIN. Mr. President, I will yield myself another 5 minutes.

Mr. GORE. Mr. President, will the Senator from Colorado yield further?

Mr. MILLIKIN. I yield.

Mr. GORE. The junior Senator from Colorado acknowledges that upon occasion there is a certain degree of foolishness——

Mr. MILLIKIN. As I understand, the Senator from Tennessee would not benefit from either of the deductions we are now discussing, so that whatever I had to say had no reference to him. I cannot imagine what the Senator imputes to himself.

Mr. GORE. In speaking of the degree of foolishness, if any taxpayer thinks it is not worth $20 to figure out the meaning of this complicated amendment which the Senator offers, or if he does not think it will cost him more than $20 to get a lawyer to explain it to him, then I think there is some small degree of foolishness exemplified.

Mr. MILLIKIN. I do not see any foolishness. The Senator is injecting a false issue. The taxpayer can look over the situation and figure whether he is better off by taking this credit or by taking all the others provided for in the bill. If he makes a mistake, he can come back later on and reform his choice.

Mr. GORE. The junior Senator from Tennessee is a lawyer of limited talent, but has a staff on which there are excellent young lawyers, and we have been trying for 2 hours to understand the able Senator's amendment. It is quite complicated and technical and is difficult to understand. The Senator has not yet sufficiently explained it.

Will the Senator yield for another question?

Mr. MILLIKIN. I shall yield a little later on. I think this debate can be carried too far.

Mr. HUMPHREY. Mr. President, will the Senator from Colorado yield for a question?

Mr. MILLIKIN. I yield.

Mr. HUMPHREY. I should like to have some clarification of some of these references. It is rather difficult in checking through the bill, because we have House bill 8300, which is this document containing some hundreds of pages; I believe the number runs to 870 pages, approximately. Then we have the amendments to House bill 8300.

Mr. MILLIKIN. That is correct.

Mr. HUMPHREY. So that when we read in the mimeographed copy of the amendments such references as credits allowed under section 32 and section 33, and credits allowed under section 37, section 116, and other sections, it becomes rather difficult fully to understand what the alternatives may be.

Mr. MILLIKIN. I suggest to the Senator that the words "general nature" are used.

Mr. HUMPHREY. But that does not sometimes fully explain the details or the extent of the credits.

Mr. MILLIKIN. All these things we are talking about are in the House bill as proposed to be amended by the Senate Committee on Finance. It is a very easy matter for anyone who wants to pursue them in detail, particularly on his own time, to look up the numbered amendments and see exactly what they provide. The parenthetical matter gives the general idea. It shows that there are many benefits in the bill.

The PRESIDING OFFICER. The time of the Senator from Colorado has again expired.

Mr. MILLIKIN. Mr. President, I do not like to yield any more time. I hope the Senator will be merciful. Later on I hope to discuss the bill.

Mr. GORE. Mr. President, I yield 10 minutes to the senior Senator from Oklahoma [Mr. KERR].

Mr. KERR. Mr. President, I rise to oppose for many reasons the amendment offered by the distinguished Senator from Colorado. In the first place, it is evidently a parliamentary move calculated to defeat the George amendment. It offers a little by way of bait to seduce some who, had it not been offered, might have been more reenforced in their determination to secure the full benefit of the George amendment. The amendment offered by the Senator from Colorado gives a credit in one place, and if I correctly read the amendment—and I must say it is a very complicated amendment—it then takes the benefit away in six other different places. After holding out a plum and with one hand exhibiting it to the taxpayer who is interested in it, desires it, and starts to reach for it, the multifingered tentacles of the tax collector takes it away from him under any of six different provisions.

I have been a member of the Finance Committee for only 4 years, Mr. President, and, naturally, what a man can learn as a member of that committee in any given period of time is limited, but I must say that on the basis of that experience I find it very difficult to analyze and evaluate this amendment in the brief time available to us on the floor.

The George amendment is very, very simple. In the first place, it takes from the bill the benefits in the form of tax relief provided for those receiving income from dividends on the stock of domestic corporations. That is one thing which the George amendment does. The other thing the George amendment does, Mr. President, is to increase the personal and dependency exemptions now available to the taxpayer from $600 to $700.

I submit, Mr. President, that that is a very simple amendment. The distinguished Senator from Colorado, than whom there is no more able or distinguished Member of this body, has made an argument against a certain part of the George amendment. He has criticized it because he tells us that it would give greater relief to the taxpayer with high income than it would to the taxpayer with low income. His premise, Mr. President, is correct. For that reason, the proponents of the George amendment are now announcing that their amendment will be modified, so that the limit of tax credit which a taxpayer can receive under the George amendment will not exceed $25 for a taxpayer, or for

two taxpayers, if a joint return be made, and a $25 tax credit for each dependent. That will eliminate the principal objection which the Senator from Colorado has made to the language of the George amendment as it has been offered.

As I said a while ago, the amendment offered by the Senator from Colorado purports to give a tax credit of $20 to each taxpayer. In other words, under the amendment of the Senator from Colorado if a husband and wife make a joint return, they could not receive in excess of $40 tax credit. But in any one of 6 places, and certainly in at least 2 of them, where credit has been given under the bill, or where an exemption has been given under the bill, in most worthy instances, the language of the Senator's amendment would take away the credit.

Let Senators visualize, if they will, the meager relief contained in the bill, as it came from the committee, to a working mother having one or more dependents, whether children or parents, and being compelled to pay extra expense to someone to care for the dependents while the mother is working to help make a living for the family. If she received the benefits of the provision of the bill which gives her an exemption under those circumstances, then she would be denied any relief under the amendment of the distinguished Senator from Colorado. While if a taxpayer had half a million dollars in dividend income, he would receive a tax credit of $25 without having a dollar taken away from him anywhere; and the only penalty he would suffer would be that he also would not be permitted to take advantage of the $20 tax credit.

I submit the question: Is that equality under the law?

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

Mr. KERR. I yield.

Mr. DOUGLAS. Does the Senator from Oklahoma remember the statement of Anatole France about equality under the law, in which Anatole France spoke of the majestic equality of the laws which forbade the rich as well as the poor from sleeping under bridges and begging in the streets for bread?

Mr. KERR. I was not familiar with that quotation, but I must say I should like to become so.

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

Mr. KERR. I yield to the Senator from Tennessee.

Mr. GORE. Do I understand the senior Senator from Oklahoma correctly to say that in order that a taxpayer may receive the proposed $20 tax credit, he or she must give up the other enumerated benefits proposed in the bill; but that a taxpayer who receives the dividend credit is not required to give up anything?

Mr. KERR. Oh, yes, he also would have to give up the $20. There is that degree of equality.

I wish to congratulate my great friend from Colorado who offered this amendment. I think it is a gesture of justice exalted, indeed, to say to the working mother, "Yes, we give you an additional exemption under the bill as we give the beneficiary of great income from dividends certain exemptions; and we are saying to you, in the language of this amendment, that if you both accept the other benefits under the bill, although that of the working mother might be $100, while that of the other taxpayer might be $30,000, each of you must make a great sacrifice and give up the $20 benefit provided in the amendment of the Senator from Colorado."

There is another group to whom the bill would give a much deserved benefit, but who under the amendment, would lose that benefit, or would lose the $20 credit. That is the group who, under the bill, receive tax credit relating to retirement income.

Senators are aware that under the bill, certain limited, meager income to persons who have retired is exempted from taxation to a very limited degree. But if they are to receive it, then they would not be the beneficiaries of the $20 credit, while the beneficiaries of the exemption on dividends would remain in their same position, namely, that under the amendment the limit of what they would have to give up, in order to receive the dividend credit, would be $20.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. KERR. Will the Senator from Texas yield me an additional 5 minutes?

Mr. JOHNSON of Texas. I yield an additional 5 minutes to the Senator from Oklahoma.

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

Mr. KERR. I yield.

Mr. LONG. This amendment seems to be based on the theory that a person should not be twice benefited under the bill. If that be the case, I wonder why only those who receive the $20 relief should not be twice benefited. Why should not the provision apply to those who receive corporation dividends and those who receive accelerated depreciation benefits?

Mr. KERR. I must correct my friend, the Senator from Louisiana. Those who receive an exemption of a portion of their corporation dividends are not twice benefited. They cannot accept an exemption for their corporate dividends and still claim the $20, any more than can a retired policeman, a retired fireman, or a retired working man.

Mr. LONG. But is it not true that they could take the benefit of the accelerated depreciation provision in the bill, and also take advantage of the deduction for their children who are in school?

Mr. KERR. Those who receive the benefit of the accelerated depreciation would also lose $20. I see in subsection (d), on page 2 of the amendment, language that would also penalize those receiving deductions relating to depreciation, if they accepted it, which would not amount, in total, to more than a billion dollars, I am certain. Then they would not be permitted to accept the $20.

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

Mr. KERR. I yield.

Mr. LONG. I believe the Senator from Oklahoma does not understand my question. My question relates to the fact that the persons who get $20 are the only class who should not be twice benefited.

Mr. KERR. The Senator is entirely correct. The taxpayer could get the benefit of accelerated depreciation; he could get the benefit of——

Mr. LONG. Of stock dividends.

Mr. KERR. Of stock dividends.

Mr. LONG. He could perhaps get the benefit of the babysitter provisions.

Mr. KERR. Oh, no. When he gets into that class and accepts that benefit, there is a sign in his pathway, as he seeks to grasp this $20 plum, which reads: "Thou shalt not enter here."

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

Mr. KERR. I yield.

Mr. DOUGLAS. The Senator from Oklahoma, with his characteristic wit and satire, is showing up the weakness and injustices of the Millikin proposal.

If the Senator from Colorado wishes to be just, he should limit the amount of dividends which can be credited against taxes to $20, just as he is limiting the credit in the case of nondividend income to $20.

Mr. KERR. I say to the distinguished Senator from Illinois that I feel that such a requirement should be made, in order to effect justice. I would not presume to speak for my good friend, the Senator from Colorado.

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

Mr. KERR. I yield to the Senator from New York.

Mr. LEHMAN. Does not the fact remain indisputably true that the person with an income of $500,000 will save $25,000, while the little fellow with an income from wages or salary of two, three, or four thousands dollars will save $20, and that is all, regardless of the number of his dependents, and that the person with a large income will get the benefit of the 5-percent credit on his dividend income?

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. GORE. Mr. President, I yield the Senator from Oklahoma 5 more minutes.

Mr. KERR. Mr. President, the great injustice of the amendment of the Senator from Colorado is that it does not touch the basic problem sought to be solved by the George amendment, which is that the taxpayer of moderate income and the taxpayer who has a large family should have the benefit of the additional exemption for each one of his dependents. When it comes to taxation I can conceive of no greater injustice than to say to the father and the mother of a half-dozen children, struggling to make a living on a very limited income, "You shall not receive a greater tax credit under this bill than the wealthiest taxpayer in the country."

My good friend the Senator from Colorado said that there was no necessity for a lifting in the level of the Nation's economy, Mr. President, and he gave us some figures about increasing production. I

have before me the Wall Street Journal of today, on page 10 of which is a column headed "Midwest Third Quarter Carloadings To Dip 6 Percent Under 1953, Board Says." I read from a part of that article:

Other commodities for which drops are expected include ore and concentrates, 15 percent; gravel, sand, and stone, 5 percent; lumber and forest products, 11 percent; petroleum and petroleum products, 17.4 percent; iron and steel, 15 percent; agricultural implements and vehicles, 5 percent; automobiles and trucks, 20 percent; and vehicle parts, 15 percent.

Can anyone read about those facts and still maintain that we do not need a lift in our economy? Once the need of a lift is even acknowledged, there can be no contesting the statement that the best, the quickest, and, so far as I know, the only way, insofar as taxes are concerned, to provide that lift to the economy is to reinforce the great foundation of the purchasing power of the people of this country. In order to accomplish the desired result, the purchasing power of the seventy-odd-million taxpayers must be increased, instead of that of five, six, or seven million taxpayers.

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

Mr. KERR. I yield to the Senator from Vermont.

Mr. FLANDERS. Is it not true that the family of which the Senator speaks, consisting of the father, the mother, and six children, would be entitled to an exemption of $600 each for the children, making an exemption of $3,600, and $700 each for the parents, making a total exemption of $5,000, and the family would not be subject to tax payments until the level of $5,000 in income had been reached? It seems to me that is a reasonable provision.

Mr. KERR. I must say that it may be well for the Senator from Vermont to say that is a reasonable provision, but I should like to have him go to that father and that mother and tell them he thinks it is a reasonable provision. I say to the Senator that their position is entitled to as much regard from this senatorial body as is that of the taxpayer who, under this bill, will get a tax credit of from ten to twenty-five to fifty thousand dollars. I ask the Senator, which is the more reasonable thing to do, to give the parents of half a dozen children, making six or seven thousand dollars a year, an additional tax credit of $25 for the husband and his wife and each one of their dependents, or to give to a taxpayer having a large income a tax exemption which is from 100 to 1,000 times greater than that given to the wage earner? I ask that the Senator explain that to the wage earner.

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

Mr. KERR. I yield for a question.

Mr. FLANDERS. Will the Senator from Oklahoma admit that a $5,000 exemption is more than such a taxpayer has ever had before?

Mr. KERR. I say to the Senator from Vermont it is an all time low. I do not know of a time in our history, since we have had an income tax law, when the personal tax exemption was below $500 nor has it been below $600 for many years.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. KERR. Will the Senator from Texas yield me 3 additional minutes?

Mr. JOHNSON of Texas. Mr. President, I yield an additional 3 minutes to the Senator from Oklahoma.

Mr. KERR. Mr. President, in closing, I merely wish to say that the purpose of the Millikin amendment is to sidetrack and detour the George amendment. The purpose of the George amendment is to effect justice for the average wage earner who is also a taxpayer. While the Millikin amendment is a concession wrung from those who had not intended to make any concession, it is but a slight concession, and constitutes the holding up of what may be described as a bright and glittering toy, but, as the taxpayer reaches for it, he finds he must go around six places in which he will lose it either as he reaches for the toy, or after he has secured it. Therefore, the amendment should be defeated.

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

Mr. KERR. I have yielded the floor.

Mr. JOHNSON of Texas. Mr. President, does the Senator from Texas have any time remaining?

The PRESIDING OFFICER. There are 37 minutes remaining to the Senator from Texas.

Mr. JOHNSON of Texas. I yield to the distinguished Senator from Illinois [Mr. DOUGLAS] 5 minutes.

Mr. FLANDERS. Mr. President, will the Senator from Illinois yield 1 minute to me?

Mr. DOUGLAS. I think the time the Senator from Vermont desires should be taken from the time of the Senator from Colorado.

Mr. JOHNSON of Texas. Is the Senator from Vermont opposed to the pending amendment?

Mr. FLANDERS. I am in favor of the pending amendment.

Mr. JOHNSON of Texas. The Senator from Colorado has had time allotted to him to use in speaking in favor of the amendment.

Mr. MILLIKIN. Mr. President, I yield the Senator from Vermont the remainder of my time.

The PRESIDING OFFICER. The Senator from Illinois is reminded of the fact that his time is running.

Mr. DOUGLAS. Mr. President, I shall yield to the Senator from Vermont with the understanding that the time he consumes shall not be taken from my time and that I do not lose the floor.

The PRESIDING OFFICER. Does the Senator yield any time?

Mr. DOUGLAS. May I ask the Senator from Vermont to withhold his question until I finish speaking?

Mr. President, time itself is slipping through our hands at this moment.

The PRESIDING OFFICER The Senator from Illinois has the floor.

Mr. DOUGLAS. Mr. President, when, at 12 o'clock today, I first heard of the amendment which was suddenly sprung upon the Senate, it brought to my mind an incident in classical mythology and a story from the Old Testament.

The incident in classical mythology relates to the alleged birth of Minerva, or Juno—not, I hasten to say to the Senator from Colorado, the birth of Venus celebrated in the famous painting by Botticelli. But in both Greek and Latin mythology Juno and Minerva were supposed to have been born at a single stroke, and to have emerged from the brow of Jove. It seemed to me, therefore, that this amendment was like the birth of Minerva since in a single stroke it had emerged from the broad and capacious brow of the junior Senator from Colorado, the chairman of the Finance Committee, and had sprung, full blown, upon an unsuspecting Senate. I am suspicious about the circumstances of such births.

But as I began to think it over, I thought that perhaps an incident in the Old Testament was more applicable, namely, the description of how the city of Jericho was taken by the forces of the Hebrews under Joshua. The Senator from Colorado, with his profound Biblical knowledge, will recall the sixth chapter of the book of Joshua, in which Joshua says that—

Seven priests bearing the seven trumpets of rams' horns before the Ark of the Lord went on continually, and blew with the trumpets: and the armed men went before them. And on the second day they compassed the city once, and returned into camp: so they did for 6 days.

Finally, on the seventh day, they marched around the city of Jericho, blew the trumpets again, and Joshua said, "Shout, for the Lord hath given you the city."

So the people shouted when the priests blew with the trumpets: and it came to pass, when the people heard the sound of the trumpet, and the people shouted with a great shout, that the wall fell down flat.

It seemed to me that the present Millikin amendment was a partial collapse of Secretary Humphrey's wall of Jericho to give tax relief to those who have income from dividends. But the wall has not fallen down completely. The 15 percent dividend credit was reduced to 10 percent in the House of Representatives. Now, at the very last minute, the esteemed Senator from Colorado proposes to reduce it to 5 percent. But under his proposal, the dividend credit would remain to that extent; and the concession the Senator from Colorado is willing to make is proposed because the Democrats all over the country have been blowing the trumpet of truth; they have been saying that this tax bill is designed to favor those with large incomes, who receive their incomes from dividends, and is designed to punish those with low incomes, who receive their incomes from wages, salaries, and business.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. DOUGLAS. Mr. President, I should like to have 2 additional minutes, in order to complete my analogy.

Mr. JOHNSON of Texas. Mr. President, I yield 2 additional minutes to the distinguished Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 2 additional minutes.

Mr. DOUGLAS. So, Mr. President, the wall has partially fallen down; but that has occurred only because of the pressure of the Democratic Party, which has been seeking an increase in the personal exemptions. But the Republicans have preserved a beachhead, insofar as the dividend credit is concerned, for the Republicans have preserved the 5-percent dividend credit. Later, if the elections go in their favor, they will no doubt enlarge the beachhead and increase these unjust tax credits.

Mr. President, the 15-percent dividend credit proposal was iniquitous and unjust. The 10-percent dividend credit proposal was iniquitous and unjust. The present 5-percent dividend credit proposal is also iniquitous and unjust, for it is based on an improper principle. We should not allow that beachhead to exist, because in the future it can be enlarged.

As the Senator from Oklahoma has said, the proposal of the Senator from Colorado denies an exemption for children. And who has the children? Are the large families the ones domiciled in the mansions on Long Island and in Connecticut, or are the large families the ones to be found in the sections of the country where the working and farming families live?

So I hope the Senate will reject the amendment of the Senator from Colorado to the amendment of the Senator from Georgia, and in that way will blow the trumpet still more loudly, so that the wall, instead of falling two-thirds down, will fall down flat and the forces of righteousness may go in and inherit the city.

Mr. President, I had planned to offer an amendment to increase the personal income-tax exemption $200, in order to give tax relief where relief is needed, and to increase the broad purchasing power of the people, so that the demand for consumer goods and the labor that produces such goods would be increased.

The Democratic Party in the Senate has at least pressured the Republican leadership into a position where they are offering, in their amendment, some token relief to the average taxpayer.

But the way this amendment is drafted, with every possible complexity and technicality, if the Republicans succeed in putting it over we shall have a body of taxpaying schizophrenics in a couple of years. There is no need to add mental torture to the taxpayer's anguish every March 15, and therefore I shall vote against the Republican amendment.

I intend to support the increase of $100 in personal exemptions proposed by the distinguished Senator from Georgia [Mr. GEORGE]. While it goes only half the way, it is obvious that the Republicans will muster sufficient votes to defeat a $200 adjustment in exemptions.

They have their steamroller oiled and rolling against any realistic adjustment of exemptions.

The amendment offered by the Senator from Georgia is clear, concise, easy to understand, and it does provide relief to the average family. The taxpayer will not need a bevy of accountants and a squadron of lawyers to understand the amendment.

Therefore, I shall oppose the Republican amendment and support the amendment offered by the Senator from Georgia.

Mr. MILLIKIN. Mr. President, will the Senator from Illinois yield about 5 seconds to me?

Mr. DOUGLAS. I yield.

Mr. MILLIKIN. I merely wish to remind the Senator from Illinois—for I do not know whether he was here at the time—that the Senate has already accepted, to the amendment of the Senator from Georgia, my amendment relieving to some extent double taxation on dividends.

Mr. DOUGLAS. Well, Mr. President, there will come another day.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

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

Mr. JOHNSON of Texas. How much time remains to me?

The PRESIDING OFFICER. Thirty minutes.

Mr. JOHNSON of Texas. I yield 5 minutes to the distinguished Senator from Louisiana [Mr. LONG].

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 5 minutes.

Mr. LONG. Mr. President, I well recall the day in the Senate Finance Committee when we came to this very section on taxing corporate dividends. At that time it was upon my suggestion to the Senator from Georgia that perhaps we might consider offering a substitue for this proposal, that he offered a motion for a $20 tax credit, and stated that in his opinion it would not cost any more to approve that proposal. Therefore, he moved that the dividend relief provision be stricken, and that provision for a $20 tax credit be included. I recall that at that time there were only five votes in favor of the motion by the Senator from Georgia, and all those votes were the votes of Democratic Senators.

On that occasion there was an inquiry as to whether the proposal would be offered as a substitute for the so-called George amendment that already was at the desk. As I recall, the George amendment then was substantially in line with the one we now have before the Senate. The Senator from Georgia said he could not make such a commitment, and he reserved the right to offer that amendment, also.

Mr. President, on the news ticker I see the following:

> Senate Republicans today decided to offer a substitute general income tax cut, to try to head off a broader reduction amendment sponsored by Senate Democrats. The decision was reached at a closed-door conference of all 48 GOP Senators, after it became clear that there was substantial fear in the senatorial ranks of the political effect of the Democratic proposal.

Mr. President, I know that the statements which appear in the press are not always accurate, but I suspect there is at least some element of truth in this item from the ticker.

Mr. President, I shall vote for the George amendment, regardless of whether the amendment to it now pending carries.

If I were to offer a proposal in an effort to obtain tax relief for the many million taxpayers who are completely ignored by the bill as introduced for the administration, the present complicated proposal is one of the last I would attempt to offer. Imagine, Mr. President, saying that everyone will have $20 of tax relief if he is overlooked elsewhere in the bill; but when he gets that tax relief, he must check to see whether he is receiving any corporate dividends, in which case he will not get the $20 relief; or he must check to see whether he is a retired policeman, schoolteacher, or fireman, in which case he will not get the $20 relief; and so it goes. In addition, the taxpayer must check on the depreciation schedule; and if he finds that he is receiving the benefit of the accelerated depreciation provision, he will not be entitled to the $20 relief.

On the other hand, a working mother who receives the benefit of the babysitter provision will not be eligible for the $20 relief.

This amendment, as proposed to the amendment of the Senator from Georgia, would give the same benefit to single persons and to married persons. So this amendment to amendment of the Senator from Georgia completely overlooks the need of the large families throughout the Nation.

Furthermore, Mr. President, this amendment to the amendment of the Senator from Georgia strikes out another desirable feature of the amendment of the Senator from Georgia, in that no provision would be made to compensate for the loss of revenue which would be occasioned by the 5 percent credit on corporation dividends.

Therefore, Mr. President, I believe this amendment is a poor substitute for the George amendment. It would cost $500,000; and, even if it were adopted, it still would not meet the crying need for the George amendment.

Mr. FLANDERS. Mr. President, I ask for 2 minutes from the time of the Senator from Colorado.

Mr. MILLIKIN. I yield 2 minutes of my time on the bill, Mr. President.

The PRESIDING OFFICER. The Senator from Vermont is recognized for 2 minutes.

Mr. FLANDERS. Mr. President, I merely wish to make two points. One is that the personal exemption was $500 a person, until the Republican 80th Congress raised it to $600, where it has been ever since. That was done by the Republicans.

My next point is that on this floor it is continuously averred, either directly or by implication, that we are distributing benefits to the working people and the consumers, on one hand, and to corporations, on the other. Mr. President, that is not the case. All the way from 1933 to 1939, we had experience with working from the consumer end, in an endeavor to cure unemployment; but it did not cure unemployment. So we must have a different arrangement,

whereby benefits will be given not only to consumers and wage earners, but also to employers and wage payers.

So, Mr. President, the present proposal is for a balanced program, which should work better than the program from 1933 to 1939, which failed.

Mr. GEORGE. Mr. President, on behalf of the minority leader, I yield myself approximately 2 minutes at this time.

The PRESIDING OFFICER. The Senator from Georgia is recognized for 2 minutes.

Mr. GEORGE. Mr. President, the Senator from Vermont was entirely correct when he said the Republican Congress in 1948 proposed an increase of $100 in the personal exemption. He was altogether correct, except he did not add that the Democrats did not make a partisan issue out of it. He also failed to add what is the absolute truth, namely, that in the same bill, when the Republicans were in power in the legislative branch of the Government, they not only gave an increase of $100 in the personal exemption, but they doubled the exemption of taxpayers 65 years of age or older. That provision resulted in eliminating from the tax rolls more than 7 million taxpayers; and yet the heavens did not fall.

Mr. FLANDERS. Nor did the Republican Party.

Mr. GEORGE. Nor did the stars cease to shine. But at this time officials in one of the Government departments seem to think that if we give relief to about 4 or 5 million people the heavens will fall.

What I wish to say to the Senator now—and I shall repeat it later—is that the Democrats made no partisan issue out of this subject. They recognized that the personal exemption should be raised by $100, and that is exactly what we are proposing now.

Mr. FLANDERS. Mr. President, will the Senator yield for a moment? The point of which I do not wish to make a partisan issue——

The PRESIDING OFFICER. Does the Senator from Colorado yield time to the Senator from Vermont?

Mr. MILLIKIN. Mr. President, I yield 1 more minute to the Senator from Vermont. I do not wish any other Senators to use up more of my time.

Mr. FLANDERS. I regret to see the question of trying to remedy the bad policies of the years 1933 to 1939 made a partisan issue on this floor.

The PRESIDING OFFICER. Does the Senator from Texas yield, and if so, to whom?

Mr. JOHNSON of Texas. Does the Senator from Colorado wish to speak at this time?

Mr. MILLIKIN. I will wait.

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from Delaware [Mr. FREAR].

Mr. FREAR. Mr. President, after having listened very intently to the debate on the pending tax bill, and having listened to the explanation given by the very distinguished chairman of the Finance Committee, we on this side of the aisle seem to be more in unison than we are in opposition, because, if I understand correctly from what has been said, we want to help the low-income groups. It is not the high taxpayer we are attempting to help in this bill. It is the people with low incomes. If we wish to do that, if we are serious in what we say on both sides of the aisle, the easiest way is for the distinguished Senator from Colorado to withdraw his amendment and throw his support to the George amendment.

Mr. JOHNSON of Texas. Mr. President, I yield half a minute to the distinguished Senator from Montana [Mr. MURRAY].

Mr. MURRAY. Mr. President, I had intended to make some remarks in support of the amendment offered by the distinguished Senator from Georgia [Mr. GEORGE], but in view of the limitation of time, I ask to have printed in the RECORD at this point a statement which I have prepared on the subject.

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

STATEMENT BY SENATOR MURRAY

I support the amendment offered by the distinguished senior Senator from Georgia [Mr. GEORGE].

I think it is obvious, even to Senators on the other side of the aisle, that when the Senator from Georgia offers an amendment to a tax bill, that amendment must be thoroughly sound and decidedly in the interest, not only of the group immediately benefited, but of the entire Nation.

There is no question that the experience, maturity, wisdom, and thoroughly nonpartisan and nonselfish record of the senior Senator from Georgia should, in itself, be enough to assure even the most conservative Members of this body that it would be wiser to accept his recommendations rather than trust the judgment of those who still preach the doctrines of Mellon, Morgan, and McKinley.

I am amazed that the Republican Party, which presided over the debacle of 1929, which plunged the Nation into economic chaos by 1930, and relegated itself to a state of innocuous desuetude for a period of 20 years, apparently has learned nothing from history.

This tax bill sponsored by the Republican administration would repeat the tragic errors of the 1920's. We are asked to vote for it on the grounds that by giving tax reductions primarily to the wealthy we would stimulate investment in business and thereby halt the recession and assure prosperity.

How much absurdity and how much forgetfulness do they think the American people can swallow?

In the 1920's, spurred by the Wall Street propaganda of that period, everybody was rushing to invest in stocks and bonds. But, at the same time, and because of Republican farm and labor policies, the ability of the American people to consume the constantly growing products of our farms and factories was constantly shrinking.

The result was the crash—the great depression—the threat to the future of our American capitalistic system. Incidentally, it was those same Republican policies which bred communism here in America for the first time in history and which brought it to its high point in 1932.

Today the Republican Party would have us follow the same suicidal course. Our mines in Montana are working short shifts. Some are closed down. We have more—many more—than 3 million unemployed in the country. Overtime and the purchasing power of overtime pay have just about disappeared. Farm incomes have shrunk, and this administration seems determined to push them down lower.

Yet, at the same time, industry is turning out, not more goods than people need, but more goods than people can afford to buy.

Nineteen twenty-nine and nineteen thirty loom on the horizon again. That is why I say, let us do what we did in the thirties—not what we did in the 1920's.

Let us amend this tax bill so that instead of directly encouraging investment in industry, it will directly and immediately encourage the buying of the products of American industry. That is the way to keep American business and industry and our capitalistic system strong, healthy, and prosperous. If we do that, the investments will take care of themselves.

If we can make tax savings, then let us put those savings in the hands of the small businessmen, the farmers and the workingmen and women of America who earn their living.

Let us give that money—those tax exemptions—to people who will spend the money to buy the cars and the tractors, the food and the clothes, the equipment, the facilities, and the services which American business and industry have to offer; which our people need; and which are now so inanely being labeled as "surplus."

Then senior Senator from Georgia is suggesting little enough. I would prefer the bill I introduced calling for an $800 exemption now and a thousand-dollar exemption next year. But I know personally the terrible agony of America in 1930 and the means whereby we substituted prosperity for depression. Many of my Republican colleagues seem to have forgotten. Therefore, I plead with them, in the light of America's economic history, in the interest of every one of our people, to accept, at the very least, the amendment which has been offered by the Senator from Georgia.

If we must choose between giving tax cuts to the bulk of our people or to the coupon-clippers, let us give the tax cuts to the people. If we do it will profit not only those who work for a living, but it will also profit those whose income is based on dividends.

Let us prove that we are intelligent legislators, that we are capable of learning from experience and let us vote for the amendment offered by the Senator from Georgia.

Mr. JOHNSON of Texas. Mr. President, I yield 10 minutes to the Senator from Minnesota [Mr. HUMPHREY].

Mr. HUMPHREY. Mr. President, I do not believe I shall require that much time.

I think there is a real note of optimism in these debates, or at least a note of progress. We started some time ago in the discussion of the tax bill with the determination of the administration to have a tax policy which would provide, as was stated, incentive for investment. Therefore the so-called stock dividends credit feature was to be written into the bill. As has been noted in this debate, the administration proceeded to go forward by going in full retreat. It started with 15 percent and ended with 10 percent in the House. It came to the Senate with a fighting spirit, with 10 percent, and ended with 5 percent. I submit that if we can keep the debate going a little longer we can get back where we belong, namely, to a basis of equity, on which there will be no special tax concession to those who do not need it.

The next point I wish to make is this: Yesterday afternoon the leader of the majority of the committee stood like a mighty giant, battling on the basis of principle for a tax bill which would be

equitable and fair, and would make adjustments in the tax laws which were long needed. But that was yesterday. Today we are thinking more of interest than principle, so we have retreated from principle, losing 5 percent in the shuffle, on the stock-dividends credit, coming down from 10 percent tax relief on stock dividends to 5 percent.

I commend the distinguished chairman of the Finance Committee for that great concession. If he will but listen to the persuasive argument of some Members of the Senate, he will get back to where he properly belongs, namely, to the point of removing from the tax bill that inequitable provision—and it is still inequitable, even though the percentage has been reduced to 5 percent. The mere fact that the percentage is small does not take away from that provision its basic inequity.

We see something else happening. The administration said, "There will be no further tax relief for the individual taxpayer." Why? The Treasury could not afford to lose the revenue. Why? Because we could not afford to lose so many taxpayers from the tax rolls. That was the position as of yesterday. Today we learn that perhaps we have a new insight into things. Perhaps there has been a new public-opinion poll. Perhaps some news has come in over the press ticker. Therefore, we now come up with a provision which says, "You will get a $20 tax credit if you do not get any credit anywhere else."

As the Senator from Oklahoma has explained this provision, each individual taxpayer will be given a credit of $20 if he does not qualify for any other possible benefit under any other known law. In other words, we will provide a credit of $20 for those who have not been provided for otherwise.

Let us see what this proposal boils down to. This is a fundamental issue between two political and economic philosophies. It might even be said to be an issue between two physiological philosophies. I notice that our distinguished chairman is not against the sexes. He is for them, so long as there are no offspring. He is perfectly willing to have each male and female receive $20 tax relief. But if they should join in holy wedlock and from that wedlock should come issue, or offspring, there will not be a nickel, a dime, or a penny of tax relief. This is a bill which places a premium on bachelorhood and spinsterhood. It ignores the justifiable economic and social needs of the family.

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

Mr. HUMPHREY. I will be with the Senator in a moment.

Mr. President, I cannot help but be reminded of the old story about the mountain laboring and bringing forth a mouse. That is exactly what has happened. There has been a caucus. There has been a Republican conference. They have deliberated, meditated, consummated, and come out with what? Twenty dollars tax relief—provided, in the case of a working mother, that she gives up the benefit of provisions of the law pertaining to working mothers; provided one gives up his pension exemption, if he is a retired civil servant; provided one gives up the stock dividend concession, or else gives up the $20.

There are more "ifs," "ands," "buts," and "ors" in this two-page amendment to reach a tax relief of $20 than I have ever seen in my life. If we wish to provide $20 of tax relief, all we have to do is to say that all taxpayers shall be entitled to a $20 tax credit, period. We do not need to take two pages to say that.

On the basis of the length of the language, I suggest that the $20 is not there. It is a mirage, a sort of optical illusion. It is like the little lakes one sees driving down the arid roads of the Far West. One sees these mirages in front of him as he travels down the road with a parched mouth and hot throat. One's skin is dry, and the air is agonizingly dry and hot. The Senator from Colorado, who comes from the West, has seen such mirages. Now he gives us a legislative interpretation of a mirage.

Let us face up to it. If the Congress wishes to give tax relief, it has an opportunity to do so. This is not tax relief. This is a sort of full-employment bill for tax lawyers. The only people who will be relieved by this amendment are those who fill out income-tax blanks as technical consultants. If we want to give tax relief to plain, ordinary people, we should vote for the George amendment.

What does it do? It provides that every taxpayer and dependent shall be given an additional $100 tax exemption allowance. It is simple. We can figure it out without going to a specialist. One needs no special attorney or tax consultant. One need only add $100 to the present $600 exemption and that is the answer. I point out to my friend from Colorado that he has taken care of the apartment dwellers with his amendment.

Mr. JOHNSON of Texas. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. HUMPHREY. He has taken care of the apartment dwellers. A married couple, man and wife, living in a 1-room apartment, will each get a credit of $20, if they do not qualify for any other credit.

In other words, if they are at the bottom of the tax totem pole, and cannot qualify for any other benefit, they can get the $20 credit.

However, if the taxpayer lives on a farm and has 4 strapping and fine good sons and 2 beautiful and charming daughters, that man is not only called upon to give his sons to his country and his daughters to a man who will come and ask for their hand in marriage, but he is not going to get 1 dime of tax relief for his wonderful family.

Mr. President, here we see an administration that not only wants to give the farmer lower price supports and lower income, but wants also to deny the farm family a justifiable increase in the exemption allowance.

The pending amendment should be defeated, because it is inequitable, and it is technically unworkable. It is tax favoritism, not tax impartiality or fair play.

Finally, Mr. President, let me say that what is needed today in our economy, more than anything else, is stimulation for the economic productive capacity of the Nation. Let us face up to it, Mr. President, that there is no shortage of economic productive capacity today. The automobile factories can turn out more cars than they are turning out today. General Motors, one of the great organizations of capital in this country—and I use it as an example only—needs no further incentive to invest money. General Motors, even before this tax bill came to the floor, stated that it proposed to invest a billion dollars in plant expansion. General Motors did not wait for Congress to act. It is going ahead on the basis of making money.

Mr. President, the best incentive for investment money is profit, and the only way a legitimate profit can be made is through production and sales. What is lacking today is production and enough sales. If we have the kind of economy in which the purchasing power can utilize what is produced, and if the consuming ability of the American public matches the productive capacity, we will have plenty of incentive for capital investment, because capital does not go into the money market to see how the weather is; it goes into the money market to see what the profits are. Profits in the capital market today in America are not determined by higgling or jiggling or finagling or seesawing, but profits in the legitimate economic market are determined by production and sales at reasonable unit profits on production.

What does the George amendment do? It flushes back into the stream of commerce approximately $2¼ billion. That money will go to people who will spend it, who need washing machines, flatirons, who need little cars, who need to repair their homes. That money will be expended in the stream of commerce, which in turn will utilize the productive capacity of the country, and the productive capacity will see to it that the wholesale and retail outlets are used to the fullest capacity.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired. Fourteen minutes remain on each side. Does the Senator from Texas desire some time?

Mr. JOHNSON of Texas. I yield 3 minutes to the junior Senator from New York.

Mr. LEHMAN. Mr. President, I believe the proposal of the Senator from Colorado [Mr. MILLIKIN] is contrary to the public interest and contrary to the policy which this Government has always maintained, of seeking to treat all of its citizens equally, and to impose a uniform basis of taxation which shows no favoritism whatever.

The Senator from Colorado has asked, "What is the use of talking about this tax forgiveness of 5 percent on dividends?" He has apparently forgotten that although his amendment was accepted, it was accepted only as a perfecting amendment. As I said earlier in the day, I hope with all my heart that the George amendment will be pressed, and that it will be approved by the Senate.

The forgiveness of 5 percent, which benefits the wealthy, who receive the greater part of their income from dividends, is contrary to all the traditions of fair play we have built up in this country.

I personally will gain by a 5 percent dividend credit. I will gain because I have a substantial income largely derived from dividends; in fact, my income is almost completely derived from dividends, with the exception of the salary which I receive as a Member of the Senate.

However, that does not make it right. It is clearly an injustice, and it is clearly discriminatory in favor of men of wealth who derive their incomes from dividends, and discriminatory against the wage earners and others of small income who have to work by the sweat of their brow to keep body and soul together and to maintain decent homes with decent standards, and educate their children.

I cannot believe that the Senate will allow itself to be talked into adopting an amendment which will work such a great injustice to so many people. I do not believe that 1 Senator out of 10 on the floor has the slightest conception of what is really meant by the amendment offered by the distinguished Senator from Colorado, the chairman of the Committee on Finance.

It has been pointed out that it is so complicated and so confusing and so useless in its effect that no one on the floor of the Senate can possibly understand it. The Senator from Colorado himself has testified this morning to his colleagues that the amendment was never debated in the Committee on Finance, and that no hearings were held on it by the committee. While I was not present at the caucus this morning, I doubt whether he explained its meaning to his colleagues. The amendment should be defeated.

Mr. JOHNSON of Texas. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Texas has 11 minutes remaining.

Mr. JOHNSON of Texas. How much does the other side have remaining?

The PRESIDING OFFICER. Fourteen minutes.

Mr. JOHNSON of Texas. If it is agreeable to the Senator from Colorado, we will use our 11 minutes at this time, and he will have 14 minutes in which to close his argument.

Mr. President, I yield 11 minutes to the distinguished senior Senator from Georgia [Mr. GEORGE].

Mr. GEORGE. Mr. President, I do not desire to take any great length of time on the pending amendment. First, I wish to observe that the taxpayer who would get the advantage of the $20 benefit would in most instances have to give up all other benefits. Therefore, he would hardly elect to take it. I also wish to observe in all sericusness that no taxpayer in the lower bracket will be able to tell whether he should elect to take either the $20 benefit or other benefits under the bill without hiring an expert lawyer, and it would certainly cost much more than $20 to hire a lawyer for that purpose.

This amendment is so complicated that it should be studied by the Committee on Finance for hours and hours before passing frank judgment on it. It is very difficult to explain it. One of the items in it is the deduction allowed by section 167 which, it is said, shall be computed without regard to the methods referred in section 167 (b) (2) (3) and (4). No one but the experts know what that means or can know what it means.

Mr. President, the proposal we made was very simple. First, if our economy were in a downswing, the major point of attack would be through tax legislation so as to bring about an increase of the per capita purchasing power of all the American people. That is simple. That means mass purchasing power. The way to build up strong corporations and to get equity capital into them is to make it possible for the corporations not only to produce, but to sell their merchandise. When they can sell it, they will sell it all if they can sell it at a profit.

Mr. President, when we reached the consideration of this bill on the floor, I stated in my place, after having offered an amendment for myself and other Senators, that I personally was of the opinion that our economy was in no definite downswing over a prolonged period of time. I thought that was fair, and, therefore, we modified the amendment, reducing the personal exemption from $800 to $700, from now on, without any increase in subsequent years. That is what the amendment provides.

It has been said today that that simple proposal would result in extending the exemption all through the various brackets and giving a great advantage to the man in the upper income brackets. Mr. President, that position is ridiculous. I know my distinguished friend from Colorado does not mean that. The distinguished Senator from Oklahoma [Mr. KERR], who is a joint author of this amendment, has already said we would further modify the amendment by placing a limitation upon the amount of benefits to be received by any taxpayer and dependents. So even that argument has gone.

Mr. President, it seems to me that we go to ridiculous extremes when we say to a taxpayer, "If you are a working mother and employ someone in your home and get a deduction not exceeding $600 a year or $50 a month, if you will give that up, you can get the $20 we are offering." Or to say, "If you will give up your depreciation privileges you will get the $20 we are offering you," and various other elections.

There are no elections at all for honest-to-God white men and colored men in America who pay taxes. They have more sense than to listen to that sort of proposal. It is no election. The taxpayer simply gives up more than he receives, and any taxpayer with any degree of intelligence whatever can discover that and feel it.

The distinguished Senator from Vermont [Mr. FLANDERS] reminded us that in 1948, the Republicans increased the personal tax exemption by $100. They did. They had my hearty support in that effort. That increase in the exemption took more people off the tax rolls than would the proposal we are offering today. The 1948 bill took approximately 7 million taxpayers from the rolls, and no one in the White House and no one in the Treasury expected the heavens to fall; and they did not fall. The proposal sponsored by other Senators and myself would take barely 5 million persons off the tax rolls, and by it the Treasury would not lose more than would be lost by the dividend treatment provided for in the bill to be accorded dividend recipients.

I have never opposed recognizing the right of a dividend derived from corporate income which has paid the full corporation tax to have some recognition, but we ought not to go beyond a recognition that would give relief against a normal tax of 3 percent; it should not apply against the surtax and the luxury tax.

Mr. KERR. Mr. President, will the Senator from Georgia yield for a question?

Mr. GEORGE. I yield for one question, but I have a very limited time.

Mr. KERR. As I look at the bill I find in it a multiplicity of tax gadgets. Would the Senator from Georgia agree with me that many of them are for the few and that too few of them are for the many?

Mr. GEORGE. I think that is a very accurate description of the bill now before the Senate.

Mr. KERR. I thank the Senator.

Mr. GEORGE. It is a bill which I shall support, with the exception of this single provision. I support it although it is heavily slanted in favor of the recipients of the higher incomes.

We have a declining depreciation allowance, or a depreciation on a declining balance, when it is effective on all new machines purchased since last January 1.

What have we in this bill, Mr. President? We have a dividend credit applicable to this whole year, so far as exclusion goes, back to January 1. There are such things throughout this bill. What does it mean? It means that none of us in good conscience can vote against an increase in the debt limit if we vote for this bill as it stands. But when we vote for the amendment which we have offered we shall not run that risk. Indeed, the $100 increase in personal exemptions will not become effective until 1955.

Vote for this bill, and we are bound morally to vote for an increase in the debt limit, because in no other way can that distinguished and good man, the present Secretary of the Treasury, handle properly our financial affairs.

Mr. President, this new proposal, in lieu of our simple amendment, affords no real choice at all. We have no choice. We have only a choice of saying, "We are going to give you a tax credit, provided you give up all the other benefits you have under the law"; and all the poor people of the country would have to hire a Philadelphia lawyer to advise them which one to elect.

The PRESIDING OFFICER. The time of the Senator from Georgia has expired. The Senator from Colorado [Mr. MILLIKIN] has 14 minutes.

Mr. MILLIKIN. Mr. President, I heard the statement of the distinguished senior Senator from Georgia, and it is very painful for me to be in disagreement with him. My usual role, when he is chairman of the committee—and he has been chairman of it much oftener than I have—is to sit at his side and join with him in the fight against the onslaughts made upon Senate Finance Committee bills. So it is very painful to me to find myself in my present predicament.

The Senator from Georgia has spoken of taking people off the tax rolls and about placing them on the tax rolls. In 1948 we did take approximately 7½ million persons off the tax rolls. I was the leader for that bill in the Senate. I am proud of the bill and glad of all its results. In 1948, when that was done, there was a surplus of $8 million with which to do it. It makes a big difference whether tax relief is going to be taken out of surplus or whether it is going to increase the deficit.

The Senator's amendment will cost $657 million in 1955. The substitute proposed will cost $500 million.

For 1956, the cost of the George amendment will be $1,760,000,000. The cost of the substitute will be $730 million.

In 1957, the cost of the George amendment will be $1,575,000,000. The cost of the substitute will be $548 million.

So the situation now is entirely different from what it was in 1948, when, as I say, I had the honor of leading the fight over three vetoes by the then President. I am not a bit ashamed of what was done. But then we were operating with a surplus, rather than a deficit. The George amendment will increase the deficit, and will do so very substantially under any method of reckoning, as compared with the proposed substitute.

The distinguished Senator from Georgia mentions depreciation. He criticizes depreciation. I personally believe that what has been done for depreciation is one of the finest items in the bill. It will enable persons to get rid of obsolete machinery and to buy new machinery. A new machine can be bought, which will put men to work. The average machine costs up to $15,000, or even into figures which are fantastic. If a new machine can be purchased, it will put men to work. One way of channeling the money which will buy the machines is to help write off the cost of a machine and make available the capital invested in the old one, so that a new one can be bought. I think that is one of the most constructive features of the pending bill.

All kinds of talk have been indulged, with the usual excesses and extravagances in rhetoric. One Senator mentioned mirages, such as I have seen many times in Colorado. While going along in some dry spot, I have suddenly seen a pond, a lake, or some other lovely body of water. But a man does not have to go to Colorado to see a mirage. He can sit in the Senate and see mirages of various kinds. Strange as it may seem, I have not only looked at, but I have heard several of them, today. [Laughter.]

But let us not talk about nonexistent mirages. We are proposing a substitute by way of an amendment to the amendment offered by the distinguished Senator from Georgia. It will cost a third as much as the amendment of the Senator from Georgia will cost.

When we are asked if we are going to have an increase in the debt limit, let us give some attention to what these costs are. How can those who are talking about not raising the debt limit, how can those who are telling us not to practice unsound policies, how can those who say we must watch the deficit, vote for an amendment which will increase the deficit on the scale which I have mentioned? It simply cannot be done, if it is desired to maintain any consistency.

I have given the relative costs of the two amendments. I do so again, because it is a very important point.

The George amendment will cost $657 million in the first year, 1955; in the second year it will cost $1,760,000,000; in the third year, $1,575,000,000.

The suggested amendment, now before the Senate, will cost $500 million the first year; $960 million the second year, and $548 million the third year.

So as between the two, if Senators are worrying about the size of the deficit, if they are worrying about increasing the debt limit, I do not see how anyone can be interested in those objectives and still vote for the George amendment.

Someone has said, in a very accusatory voice, which chilled the very marrow of my bones, and scared me to death, that the very purpose of the amendment was to defeat the George amendment. That is the purpose of the amendment. With all the respect which I have for the senior Senator from Georgia, I do not quail at that statement, because that is the purpose of the amendment. The purpose of the amendment is to make the cost less. This is a time when we should be giving some consideration to costs. My amendment proposes to reduce the amount of dividend credit, and the Senator from Georgia has accepted that idea.

The purpose of this amendment is to provide something for an area where there is, as we have repeatedly heard, a void. It has been said that we have been giving everything to the rich and to the middle class of people, and have not given anything to the poor people. The purpose of this amendment is to give them the credit which I have described, and the virtue of the amendment is that its benefits are not carried up into the higher brackets, where, according to the accusations which have been made, people do not need it, because they are getting other privileges under the bill.

But the exemption which is proposed by the George amendment will give a greater benefit to the rich man, to the millionaire, than to the poor man.

He may be a multimillionaire. He will get $91 benefit from the George amendment. On the other hand, an individual who is supposed to be the concern of the George amendment—and I do not impugn the motives of the Senator from Georgia at all—will receive, when the benefits under the amendment are figured out, $20.

There has been some joking about the $20. It has been said that we will give the people $20, but that we take it away. The only reason they lose the $20 is because they receive greater benefits under the bill, which they can take in lieu of this benefit. Those that are not getting dividend, retirement, depreciation, or working-wife relief under the bill can get this relief. We tried to fill up what was alleged to be a void, in which some persons did not get dividends and some people did not have depreciation; some people did not qualify for the working-wife credit, while others did not have property subject to depreciation. We tried to fill that void.

The reason this amendment is less expensive than the others is that, as I have pointed out several times, it does not go all the way up to benefit exorbitantly the relatively rich or the middle class as against the recipients of lower income. That is the reason it is said the amendment is not fair. It is said that we propose to give a man something, but that when he starts to take it, we hold his hand and say, "You shall not have that."

Every taxpayer is privileged to take a look at the law. If he can benefit himself by this relief more than other reliefs provided for in the bill, I assume he will take it.

If he should already be enjoying the numerous other benefits, which I have read in my opening statement and to which I have since referred, and they would be more to his advantage than would my amendment, there is no reason why he should not take the one which would benefit him the most. It will be possible to say, "Well, brother, take your choice. If you have very little income and receive very little, if any, benefits from other provisions of the bill, then you will find relief in this amendment. If you have the other greater benefits which are provided in the bill"—and which I have outlined in detail before the Senate—"then you cannot have both."

It is unfair to pile up, compound, and multiply benefits. This is the reason why my amendment limits the credit I propose to those who do not receive greater benefits under other provisions. I suggest that the amendment should be accepted.

Mr. President, I am withdrawing the amendment as a perfecting amendment to the House bill, and I am offering it as an amendment to the George amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 18, after the figure "151", it is proposed to strike out down to and including line 23, and insert certain language.

The PRESIDING OFFICER. Does the Senator from Colorado desire to have the amendment read again?

Mr. MILLIKIN. Mr. President, I do not see any point in that. It is an amendment to the George amendment, in the nature of a substitute, rather than to the House text.

Mr. CASE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CASE. The amendment presently offered is not offered as an amendment

to the House text, but is offered as an amendment to the George amendment, in the nature of a substitute, in that it strikes out the text of the George amendment and inserts a text in lieu thereof. Is my understanding correct?

Mr. KNOWLAND. Mr. President, if the Senator will yield, I should like to state that I think the parliamentary situation is that the amendment of the Senator from Colorado is offered as an amendment to the George amendment, striking out certain parts of the George amendment particularly relating to the field covered by that amendment. If the amendment to the amendment shall be agreed to, there will be further amendments offered to the George amendment to bring it in line with the action previously taken on the first two amendments offered by the Senator from Colorado.

Mr. CASE. If the Senator will yield further, I should like to ask another question. In the form in which the amendment is now offered, does it present a clear-cut choice between the proposal offered by the Senator from Colorado and that contained in the George amendment, which relates to the additional exemption?

Mr. KNOWLAND. My understanding is that in this particular phase of the situation there is that clear-cut issue presented.

Mr. CASE. And, if the amendment offered by the Senator from Colorado is agreed to, it would eliminate that portion of the George amendment?

Mr. KNOWLAND That is correct, but further perfections of the George amendment would be in order.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. Does the Senate have before it a unanimous-consent request, or a motion?

The PRESIDING OFFICER. The Senator from Colorado has offered an amendment to the George amendment.

Mr. KERR. Does that open up debate for another hour on each side?

The PRESIDING OFFICER. That is the judgment of the Chair.

Mr. GEORGE. Mr. President, may I ask at what point in my amendment the amendment offered is to be applicable?

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 18, of the George amendment, after the figure "151", it is proposed to strike out down to line 23, inclusive, and insert certain language.

Mr. GEORGE. It is in just the one paragraph?

The PRESIDING OFFICER. Yes.

The Senator from Colorado is recognized for 1 hour, and the Senator from Texas for 1 hour.

Mr. KNOWLAND. Mr. President, may we have the yeas and nays ordered on the amendment? The ordering of the yeas and nays will not foreclose debate, but I am merely requesting the yeas and nays.

The yeas and nays were ordered.

Mr. GEORGE. Mr. President, notice was given that the sponsors of the amendment would modify the amendment which has been offered so as to provide that the credits given to each taxpayer and each dependent shall not exceed $25. I ask unanimous consent that the modification of the amendment be considered as having been offered before the yeas and nays were ordered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. Can the Chair inform me whether or not the proposal offered to change the George amendment includes the provision of the George amendment to strike the additional 5-percent credit on income from dividends?

The PRESIDING OFFICER. The amendment of the Senator from Colorado proposes to strike out all after the figure "151" on line 18, page 2, down to and including line 23, as modified, by adding on page 2, after line 23, the following:

On page 34 of the bill, in section 151, after subsection (e) insert:

"(f) The amount of any exemption provided by this section in excess of $600 shall not reduce the tax of any taxpayer in an amount in excess of $25."

Mr. LONG. Mr. President, will the Chair inform me whether that has the effect of striking out all of the proposed relief for the recipients of dividend income?

The PRESIDING OFFICER. The inquiry of the Senator from Louisiana is not a parliamentary one.

Mr. KERR. Mr. President, I should like to ask the distinguished Senator from Colorado to explain what effect the amendment would have——

The PRESIDING OFFICER. The Senator from Oklahoma will please suspend. The time for debate is under control. Is the Senator from Colorado willing to ask for time?

Mr. MILLIKIN. Mr. President, I am willing to relinquish whatever time I have on this amendment if the leadership on the other side will do so. In other words, I should like to get to a vote.

Mr. JOHNSON of Texas. Mr. President, I relinquish my time.

The PRESIDING OFFICER. All time for debate on the amendment having expired, and the yeas and nays having been ordered, the clerk will call the roll.

Mr. HOLLAND. Mr. President, may I ask that the clerk state the amendment?

The PRESIDING OFFICER. Without objection, the clerk will state the amendment.

The CHIEF CLERK. On page 2, line 18, after the figure "151", it is proposed to strike out down to and including line 23, and insert:

(f) Credit for additional personal exemption of $100.

(1) Computation: There shall be allowed to an individual who has elected to take the credit provided by this subsection for the taxable year, as a credit against the tax imposed by this subtitle for the taxable year, an amount equal to an additional personal exemption of $100 multiplied by the rate provided in section 1 for the first $2,000 of taxable income. In the case of a taxable year to which this subtitle applies and which begins before July 1, 1954, the credit shall be one-half of the amount specified in the preceding section.

(2) Limitations on amount of credit: The credit allowed by paragraph (1) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the credits allowed under section 32 (2) (relating to tax withheld at source on tax free covenant bonds), section 33 (relating to foreign tax credit), and section 35 (relating to partially tax exemption interest).

(3) Certain credits, deductions, etc. not allowed: If an individual elects to take the credit allowed by paragraph (1) for a taxable year, then (a) the credit provided by section 34 (a) (relating to dividends received by individuals) shall not be allowed.

(b) The credit provided by section 37 (relating to retirement income) shall not be allowed.

(c) Section 116 (relating to partial exclusion from gross income of dividends received by individuals) shall not apply.

(d) The deduction allowed by section 167 (relating to depreciation) shall be computed without regard to the methods referred to in section 167 (b), (2), (3), and (4).

(e) The deduction allowed by section 214 (relating to expenses for care of certain dependents) shall not be allowed.

(4) Method and effect of election:

(a) The election provided by paragraph (1) shall be made in the return, and the Secretary or his delegate shall by regulations prescribe the manner of signifying such election in the return.

(b) If the taxpayer on making his return fails to signify in the manner prescribed under paragraph (4) (a), shall elect to take the credit provided by paragraph (1), such failure shall be considered an election not to take the credit.

(c) Under regulations prescribed by the Secretary or his delegate, a change of an election for any taxable year to take, or not to take, the credit provided by paragraph (1) may be made after the filing of the return for such year.

(5) Certain nonresident aliens ineligible for credit.—No credit shall be allowed under paragraph (1) to a nonresident alien individual with respect to whom a tax is imposed for the taxable year under section 871 (e).

The PRESIDING OFFICER. 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 Wisconsin [Mr. McCARTHY] is necessarily absent.

If present and voting, the Senator from Wisconsin [Mr. McCARTHY] would vote "yea."

The result was announced—yeas 46, nays 49, as follows:

YEAS—46

Aiken	Dirksen	Payne
Barrett	Duff	Potter
Beall	Dworshak	Purtell
Bennett	Ferguson	Saltonstall
Bowring	Flanders	Schoeppel
Bricker	Goldwater	Smith, Maine
Bridges	Hendrickson	Smith, N. J.
Bush	Hickenlooper	Thye
Butler, Md.	Ives	Upton
Butler, Nebr.	Jenner	Watkins
Capehart	Knowland	Welker
Carlson	Kuchel	Wiley
Case	Malone	Williams
Cooper	Martin	Young
Cordon	Millikin	
Crippa	Mundt	

NAYS—49

Anderson	Douglas	George
Burke	Eastland	Gillette
Byrd	Ellender	Gore
Chavez	Ervin	Green
Clements	Frear	Hayden
Daniel	Fulbright	Hennings

Hill	Langer	Murray
Holland	Lehman	Neely
Humphrey	Lennon	Pastore
Jackson	Long	Robertson
Johnson, Colo.	Magnuson	Russell
Johnson, Tex.	Mansfield	Smathers
Johnston, S. C.	Maybank	Sparkman
Kefauver	McCarran	Stennis
Kennedy	McClellan	Symington
Kerr	Monroney	
Kilgore	Morse	

NOT VOTING—1

McCarthy

So Mr. MILLIKIN's amendment to the amendment of Mr. GEORGE was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. GEORGE], as modified.

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

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. DOUGLAS. Will the Chair state the question before the Senate?

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. GEORGE], as modified.

Mr. JOHNSON of Colorado. Mr. President——

The VICE PRESIDENT. Does the Senator request time?

Mr. JOHNSON of Colorado. Yes, Mr. President. I desire 2 minutes.

The VICE PRESIDENT. Does the Senator from Georgia yield time?

Mr. GEORGE. I am glad to yield 2 minutes to the Senator from Colorado.

Mr. JOHNSON of Colorado. I thank the Senator, although I expect to speak against his amendment.

Mr. JOHNSON of Texas. I yield 2 minutes to the Senator from Colorado.

Mr. JOHNSON of Colorado. Mr. President, we have three proposals to consider, namely, the proposal which was made by the junior Senator from Colorado [Mr. MILLIKIN], the proposal made by the Senator from Georgia [Mr. GEORGE], and the proposal made by Secretary Humphrey with respect to dividends. As I understand, a fourth proposal is soon to be made by Secretary Humphrey, to raise the debt limit.

I place all four proposals in one package. I have been studying this question, not only this afternoon, but for weeks; and I cannot, in good conscience, vote in favor of any of these proposals. I must vote against increasing the debt limit; and if I vote against increasing the debt limit, it does not seem to me that I can conscientiously vote for a decrease of any of these taxes.

It must be remembered, as has been stated here today, that whatever tax relief we give must result in deficit spending. If we are to have deficit spending, we shall have to increase the debt limit, and we shall have inflation to the extent of the deficit spending in which we indulge.

So I have reached the conclusion that I must vote against all four of the proposals which I have described.

Mr. ROBERTSON. Mr. President, will the Senator from Colorado yield me 2 minutes?

Mr. MILLIKIN. I yield 2 minutes to the Senator from Virginia.

Mr. ROBERTSON. Mr. President, as soon as this vote is concluded, if I can obtain recognition I shall send to the desk an amendment which will give some of us a third choice, which would avoid borrowing money to give tax relief, but would continue for another year the present tax rates.

I recognize the fact that there are many good provisions in the pending bill. I should like to see them made immediately effective. However, like the distinguished Senator from Colorado who has just preceded me, I would be most reluctant to vote to increase the ceiling on the debt limit. I would be most reluctant to vote for a bill which would necessitate borrowing money to the extent of $1½ billion, if we were not to adopt the George amendment, but would mean perhaps more than $2 billion of borrowed money if we were to adopt the George amendment.

So it is not merely a choice between the Millikin amendment and the George amendment. Reluctantly I voted against the Millikin amendment. Reluctantly I shall vote against the George amendment, because I feel so deeply that the estimates of the Treasury to the effect that revenue will not drop may not be realized. Those estimates were based upon conditions of last October and November. Revenues have already fallen.

In connection with the 10 appropriation bills so far passed, we cut $1½ billion out of the President's budget for this year, but that only brings the anticipated deficit down to $3½ billion.

No one knows in what condition our foreign relations may be 6 months from now. However, I feel satisfied that we have cut some of the budgets so deeply that next spring we shall receive requests for supplemental appropriations.

We may or may not move forward next spring into another period of prosperity comparable to 1953. At the moment production is 10 percent below the peak of 1953. There are a few bright spots, but plenty of dark ones. There is much unemployment. There is a great deal of part-time employment. I do not know whether the revenues are going to hold up or not.

Although we well know that the people would welcome tax relief, and although we well know how heavy the tax burden is, I feel that it would not be wise for us to vote today to reduce revenues by $2 billion or more, knowing that that much would have to be borrowed.

Several Senators addressed the Chair.

Mr. PURTELL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Does the Senator from Georgia yield some time?

Mr. GEORGE. I desire to occupy about 5 minutes.

The VICE PRESIDENT. The Senator from Georgia is recognized for 5 minutes.

Mr. GEORGE. Mr. President, whatever our colleagues may think, however they may reason about it, the choice is between two bills. One bill is the bill which came from the House, as modified by the Senate committee, which involved certain increases in the cost; not decidedly large increases, but nevertheless increases. We have a choice between that bill and the amendment which is now proposed to modify that bill, by taking out about $814 million, as estimated by the Treasury, and adding about two and a quarter billion dollars gross, from which should be subtracted the $814 million.

However, we have much more than that. That is what I shall try to impress upon my friends and colleagues, particularly on this side of the aisle. We have under the Senate version of the bill the added choice between the House bill and the proposals which we make today. There is the choice. We will have one or the other. Let us not "kid" ourselves. Let us not deceive ourselves that we can escape the choice.

What does the bill do? Let me refer to merely two items. It imposes upon the Treasury the loss of the dividend exclusion and of whatever tax credits dividend recipients may receive between this date and last January and for the full year from January 1. It imposes upon the Treasury the cost for the full year of benefits such as depreciation allowance on new machinery, not from the time of the passage of the bill, but from January last, and for a full year.

That means that in those two items alone there is for the Treasury an increased burden which will make it almost necessary for conscientious men to vote for an increase in the debt limit.

Under the proposal which we make, there would be no additional cost to the Treasury until the calendar year 1955. Our proposal also contains certain other provisions including striking out the provision relative to dividend credits. If we could operate under it until January there would be no necessity for a debt increase, in my judgment, but if we pass the House bill or the Senate bill, which is still very much like the House bill, we will need to consider, and consider seriously, raising the debt limit before this Congress adjourns.

Mr. President, that is a frank statement of the bill without any reference to the merits or demerits of any proposed limit. It is a frank statement of what we will undoubtedly face if we pass the House bill. It does not go into the merits or demerits of the bill.

I do not believe there can be any doubt that, under existing conditions—although to me they are not alarming conditions—we ought to stimulate now, not productive capacity merely, but consuming capacity, the mass-consuming capacity, because in the final analysis the American economy cannot be stable and cannot expand unless there is adequate purchasing power among all our people.

Of course, we must have plenty of investment capital and all the other things, and I have always advocated it, but we must have more if we are to have a constantly expanding economy.

That is the choice between the bill offered without the amendment and the bill offered with the amendment, and the adoption of the bill without the amendment means that we are commiting ourselves to an increase in the debt

limit before Congress adjourns. Senators may reason about it as they may, but there is no escaping that conclusion.

Mr. LONG. Mr. President, will the Senator from Georgia yield me 3 minutes?

Mr. GEORGE. In the absence of the minority leader I yield 3 minutes to the Senator from Louisiana.

Mr. LONG. Mr. President, there are some things that Senators should realize when they vote on the amendment. First, it should be remembered that already many people have had enormous tax reductions. Those same people will again get enormous tax reductions from this bill.

The average workingman today is paying more taxes than he was paying on January 1. A great many people do not realize it. Let me point out these facts. The average workingman makes $3,500 a year or less. On January 1 his personal income tax went down by $16.50, if he made $3,500 a year. That same day his social-security tax went up by $17.50. In other words he is paying $1 a year more in income tax as it stands today, if he gets $3,500 a year.

Yet, Mr. President, on that same day, a man who was making $50,000 a year had his income tax reduced by $1,850. His social-security tax went up by $17.50. He wound up with a net saving of more than $1,800. That is assuming that he did not own a single share of stock in a corporation that had been paying an excess-profits tax, because many corporations had their net income doubled when the excess-profits tax expired on that same day.

That reduction cost this Nation $4,600,000,000. Now comes the second round of income-tax relief. Who is going to get it? Here is the second round, with a tax relief of $3,800,000,000.

That same workingman, making $3,500 a year, is not going to get 5 cents worth of relief out of this bill. The man who makes $50,000 a year can well afford to hire an expert tax consultant, who will help him find many dollars worth of tax reductions in the bill. He may find accelerated depreciation worth many thousands of dollars to him. He will find a tremendous reduction in taxes on his corporation dividends. He will find provision after provision in the bill referring to various items that will reduce his taxes. Not one red copper cent in relief will be given to the average workingman. It should be remembered that half of the working people of the country make less than $3,500 a year.

If Senators are prepared to go to the American people and say to them, "Since Congress convened there has gone into effect enough income-tax reductions to have given $200 to every family in America that pays taxes, but you did not get 5 cents of relief," let them go ahead and tell them that.

For my part I am prepared to vote for the George amendment, so that everyone will share in some of the tax relief that goes into effect. We will have another look at this problem next year. The average workingman does not get this benefit this year, but on January 1 of next year. Therefore, we can consider all these items when we look at the appropriation bills next year and we can then have a review of our overall fiscal situation. At that time we can determine whether it is possible to reduce spending to avoid the necessity of raising the debt limit.

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

The VICE PRESIDENT. The time of the Senator from Louisiana has expired.

Mr. AIKEN. Mr. President, I was interested in what the Senator from Virginia [Mr. ROBERTSON] said, and I have listened to what the Senator from Louisiana has said about waiting until next year to decide what we will do about the debt limit.

I wish to tell every Member of the Senate that I have today introduced a bill authorizing an increase in the borrowing authority of the Commodity Credit Corporation to the extent of one and a half billion dollars, which is the amount estimated to be necessary to carry through the price-support program for the crop year 1955, until next spring.

If we do not raise the debt limit, if we cut taxes three or four billion dollars, what we are going to use for money I do not know. I think the words of the Senator from Virginia [Mr. ROBERTSON] make sense. I do not know whether I shall vote for this tax bill, but I certainly do not wish to wait until next year to decide how we are going to borrow money to pay our bills if we reduce taxes and raise expenditures in general and refuse to raise the debt limit.

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

Mr. AIKEN. I yield.

Mr. ROBERTSON. The Senator from Virginia had in mind a deficit for next year of approximately $5 billion. Now we have been told of another $1½ billion which the Senator from Virginia had not contemplated.

Mr. McCLELLAN. Mr. President, will the Senator from Colorado yield me 3 minutes?

Mr. MILLIKIN. Mr. President, I yield 3 minutes to the Senator from Arkansas.

Mr. McCLELLAN. Mr. President, the Senator from Georgia and other Senators introduced the original of this amendment on February 19. On March 4, Mr. President, I spoke briefly in the Senate, announcing my support of that amendment. While that amendment has now been modified, the general principles and objectives of it remain the same.

Mr. President, I shall vote for the pending amendment. I shall do so with some reluctance, however—not reluctance to support the reduction or the means to the reduction which it provides. That is a principle which I do support wholeheartedly; namely, that if taxes are to be reduced anywhere, the proper way to reduce them is by raising the personal exemptions. I support it reluctantly, however, because I have serious doubts that under our present fiscal condition we can justify any tax reduction that will cause a loss in revenues and thus further increase Federal deficits and the national debt.

I doubt the wisdom of any general reduction in taxes until we have a balanced budget. It is of course always proper to remove tax inequities or discriminations, but it is difficult to justify an overall tax reduction so long as the Federal budget remains out of balance.

Present taxes are burdensome. They are oppressive to our low-income groups, and they should have any relief that we are able to provide.

Mr. President, supporting an increase in personal exemptions is not new with me. I supported it and introduced amendments to that end in 1947, when personal exemptions were only $500, to increase them to $750. I secured a vote on that amendment on May 28, 1947. The amendment was rejected by a vote of 44 to 27.

The VICE PRESIDENT. The time of the Senator from Arkansas has expired.

Mr. McCLELLAN. May I have 1 more minute?

Mr. MILLIKIN. I yield 1 more minute to the Senator from Arkansas.

Mr. McCLELLAN. Mr. President, on July 14, 1947, I again offered an amendment to increase personal exemptions to $600. That amendment was voted down in the Senate by a vote of 47 to 43. We lacked only four votes of adopting it. The following year, 1948, personal exemptions were increased to the present amount of $600. The fairest way to reduce income taxes that are high and burdensome is to start at the bottom and give relief to those who are having to pay income taxes on wages and salaries which they actually need to provide the minimum necessities of life for themselves and their families. This proposed increase is not adequate. I should like to see exemptions raised to $1,000. But we know we simply cannot afford to lose the revenue such an increase would entail. However, the $700 here proposed will give some relief to our wage earners and low-income groups, relief they need and which I believe we can give, and I shall support the pending amendment. In doing so, Mr. President, I shall be consistent with my previous position and voting record on this issue. I hope the amendment will be adopted.

Mr. STENNIS. Mr. President, will the Senator from Georgia yield me 3 minutes?

Mr. GEORGE. Mr. President, I yield 3 minutes to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I am very much concerned about this Congress balancing the budget. With business conditions what they are, although they are somewhat depressed, I think it could be done, and that Congress ought to do it, regardless. I am willing to stand on the line all the way through with those who are determined to balance the budget, and I shall vote for sufficient taxes to accomplish it.

But the present administration has turned its back on that ideal or that plan or that purpose and has recommended a reduction in taxes. If reductions are to be made, I am not willing to stand by and let someone else choose where the reductions shall apply without having some

chance to cast my vote on the question. For that reason, and for that reason alone, I prefer the George amendment to some other amendment. For that reason, I shall vote for the George amendment. I say that when we reduce any taxes before we balance the budget, we are turning our backs on a serious and a primary responsibility of Government. We are walking out on the American people, not only the low-income group, or any other particular group, but all the American people, when we do not toe the line and balance the budget.

When it comes to a preference in regard to what reduction shall be made, I am not willing to let someone else, or any committee, however fine it may be, make the selections for me. I shall vote for the George amendment, and, according to the present situation, I shall vote against the bill on final passage whether the George amendment is agreed to or not.

As a part of the same thinking, Mr. President, I think it is a shameful spectacle when we maneuver ourselves into such a position that we may have to increase the debt limit. I am opposed to increasing the debt limit and shall continue to oppose it unless I am convinced that we thereby jeopardize our fiscal affairs and our Federal securities. I expect, under present facts, to vote against increasing the debt limit, but for the reasons I have assigned, I shall vote for the George amendment and reserve the right to vote against the bill.

Mr. WILLIAMS. Mr. President, will the Senator from Colorado yield me 5 minutes?

Mr. MILLIKIN. Mr. President, I yield 5 minutes to the Senator from Delaware.

Mr. WILLIAMS. Mr. President, I rise in opposition to the George amendment. Unquestionably it would cost approximately $2 billion if it is adopted. I supported the Millikin version as a substitute for one section of the George amendment because it represented a slightly lesser degree of loss to the Treasury. However, I did so with the understanding that I would vote against the final adoption of the George amendment whether or not it was modified. I do not think we can afford either the Millikin proposal or the George proposal. In the past 24 years we have operated with a deficit in 21 of those years. There is not a Senator on the floor who thinks we are going to balance the budget either this year or next year, with or without the tax-reduction proposal which is now before us. Therefore, I think it is unwise to pass a tax-reduction bill of any description at this time, whether it be with reference to personal exemptions, dividends, or any other type of reduction features that might be embodied in the bill. Every dollar of tax reduction of any description will be represented by borrowed money. Every Senator knows that before we go home we shall be confronted with a request from the Treasury Department to increase the ceiling on the national debt, in order to borrow money to pay for whatever tax reductions we grant. If after 24 years of deficit spending, we do not have the courage to pay for operating our Government—at a time when we are operating under the greatest prosperity we have ever known—I think we might as well realize that we cannot balance the budget in our generation.

I think it is time we stopped arguing whether we are going to give exemptions here or there, and flatly tell the American people that we have an expensive government and that thus far we have not voted the necessary appropriations whereby we can give the people any tax reduction at all. We should postpone any tax reductions until after we have justified them with our votes on appropriation bills.

Let us restore the economy of this country to a sound basis.

Mr. DANIEL. Mr. President, will the Senator from Georgia yield me 2 minutes?

Mr. GEORGE. Mr. President, I yield 2 minutes to the distinguished Senator from Texas.

Mr. DANIEL. Mr. President, I wish to associate myself with the remarks heretofore made by the Senator from Arkansas [Mr. McCLELLAN] and the Senator from Mississippi [Mr. STENNIS]. Although I shall vote for the George amendment as a choice between the two tax relief proposals which now face the Senate, I shall continue to vote against any further tax relief until we have balanced the budget, or at least so long as we are facing an inevitable request that the national debt limit be raised if we substantially reduce tax revenues.

Both tax relief proposals should be enacted when our financial condition will permit. However, with the same thought in mind, I voted against the excise-tax bill, and I shall continue to vote against tax relief which is given on borrowed money. The money will have to be repaid with interest at a future date. I do not believe that so long as our national debt is greater than the combined national debts of all the other nations of the world that we should continue to go into debt to give tax relief.

I wish to associate myself, therefore, with the remarks made by the Senator from Arkansas and the Senator from Mississippi by way of explanation of the vote which I shall cast now, and the votes which I shall cast in the future, on any further tax relief which might come before the Senate.

Mr. MORSE and Mr. JOHNSTON of South Carolina addressed the Chair.

The VICE PRESIDENT. Does the Senator from Georgia yield; and if so, to whom?

Mr. GEORGE. I yield 2 minutes to the Senator from Oregon.

Mr. MORSE. Mr. President, I shall vote for the George amendment. I shall vote for it because I insist in thinking in terms of the welfare of human beings. As I vote for it, I shall be thinking in terms of unfortunate human beings who now suffer from oppressive taxes. I am thinking in terms of those many people in our country in the low-income brackets, who at present are plagued by economic difficulties. They are people whose purchasing power should be increased. By increasing their purchasing power, automatically the economy of our country will be stimulated, and out of this newly produced wealth will come new taxes far in excess of any taxes lost through the George amendment.

I am not alarmed by all the talk about the danger of some increase in deficit spending in this country. There is no need for deficit spending, if only we would plug up the loopholes in our present tax structure, which provide so many escapes for the wealthy of the Nation. The poor of the country are being taxed far beyond their ability to pay while many wealthy persons are favored by tax escapes.

I would have the Senate think of an economic fact, as Senators come to vote on the George amendment, and that is that if we could press a magical button this afternoon, and take out of production every working man and working woman in the United States who grosses $3,500 or less a year, the economy of the United States would be brought to a complete, dead stop within 6 months. If the production of the people in that low-income bracket means that much to the maintenance of an enlightened capitalism—and to protect political freedom, it is necessary to maintain an enlightened capitalism—then I say let us not worry about the scarecrow argument about some increase in deficit spending. The way to eliminate deficit spending is to come forward with an equitable tax structure. Let us take the unfair, inequitable, unconscionable tax burden now being exacted, under the tax structure of the country, from the backs of millions of people who are least able to pay. Let us adopt a fair tax bill which gives the people in the low-income bracket the tax relief they deserve. Let us tax the people in the higher income brackets in accordance with their ability to pay.

Let us recognize that the crying economic need of the country at present is to stimulate purchasing power in the low-income brackets. That is exactly what the George amendment seeks to do.

I close, Mr. President, by saying that I am still looking for one thing which this administration has done by way of substantial reform on the economic level which will enable us to escape a deepened unemployment curve next November, December, January, February, and March. Now is the hour to think in terms of increasing purchasing power for the low-income people of our country. This tax bill in its present form is a shocking bill favoring the rich and penalizing the poor. It contains many provisions that constitute more giveaways to the wealthy of the country. The George amendment is an attempt to correct one of the many inequities of this bill and therefore I shall vote for it.

Mr. MAGNUSON. Mr. President, will the Senator from Oregon yield?

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. MAGNUSON. Will the Senator from Georgia yield 1 minute to me, so

that I may ask the Senator from Oregon a question?

Mr. GEORGE. If I have time I yield.

Mr. MAGNUSON. I wish to associate myself generally with what the Senator from Oregon has said, and I desire to ask him a question.

Now that all the appropriation bills have been passed, we have learned that the reason there is a deficit, or will be one next year, is not that more money has been appropriated, because actually less money has been appropriated. But the fact is that receipts of revenue are falling off.

Does not the Senator from Oregon agree with me that if it is desired to stimulate receipts of revenue by the Government, the only thing to do is to do what the distinguished Senator from Oregon has just stated should be done?

Mr. MORSE. We do not increase the tax revenue by increasing the tax rate on low incomes. An increased tax revenue will be stimulated by an increased effort to plug up the loopholes which provide escapes for the wealthy taxpayers.

Mr. MAGNUSON. It will bring back to the Treasury as much as it takes out.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I wish to associate myself with those who are advocating an increase in the personal exemption from $600 to $700.

Since this plan was first publicized, I have received hundreds of letters from citizens of my State of South Carolina as well as from other States, urging my wholehearted support of this increase. To these people I have pledged my support, because I believe that such relief is needed by the lower income family now more than ever before.

During 1952, the American people heard many, many promises about tax relief. This appealed to the people, not because of greed for a few extra dollars in their pockets, but because of a need of a few more dollars with which families could be supported.

There have been many opponents to the personal exemption increase. Some of them used the excuse that it would cost the Government too much money, while others used simpler language and admitted that such a proposal favored the wrong class of people. These critics would rather give any new tax advantages to big business in order, they say, for the industry to expand to give more people more jobs. Without too much additional thought, it seems to me that these opponents should realize that it would be of no advantage to expand an industry if no one has enough money with which to purchase the product manufactured by these new employees.

As the bill now reads, it extends benefits to many. I cannot be critical of this relief extended to any particular person nor to what we may call a particular income group. I feel that the Government can afford to give everyone a certain amount of relief. I am critical, however, of the fact that most of the people have been left out altogether.

Partiality has been shown a favored few. While I do not begrudge these favored few, I think that the point should be made and emphasized that the people who make up the backbone of the American economy, those who work for a living with their hands and receive a wage for their toils, those who spend their money each payday for the livelihood of their families, have been forgotten or neglected in the mad rush by certain parties to offer relief to the select or favored few. It means nothing to the Nation's economy nor to the workingman when Congress reduces taxes on corporation stock dividends, simply because about 90 percent of the American people own no such stock; and there are very few working people among the 10 percent who do own stock. Bear in mind that I do not want to block any contemplated relief for those who are fortunate enough to be the stockholders. I only wish to impress the Senate with the fact that we must divide whatever relief is given among the people if we are to maintain a steady economy and uphold the principles of a democracy.

Statistics have shown that the $100 increase in personal income tax exemption would mean that a family of four with an income of $5,000 would have $80 more next year. This extra $80 would mean much to that family. This $80 multiplied many times would cost the Government, but at the same time it would bolster our economy by putting a few extra dollars where it is needed most.

I can certainly agree with the recent statement of Mr. Beardsley Ruml, a tax expert, who said: "There is no more powerful antidepression weapon in the hands of the Government than an increase in personal exemptions." We have an opportunity now to use that antidepression weapon by voting for an amendment to H. R. 8300 to increase personal exemptions to $800.

If one should go into the homes of families having 4 or 5 children, he would find that at present they are spending every cent they make. If they are relieved even to a little extent of the taxes they now must pay, it will mean that they will contribute more to the commerce of the United States. It will mean a turnover of more money and an increase in the circulation. This certainly will mean an increase in revenue to the Treasury.

There must be purchasing power if we expect industry to produce. We are producing plenty in the United States, and the bill before us will not increase industry one iota.

We hear much said about a deficit. On the other hand, we know that money is being poured out of the Treasury. Let us examine into what Mr. Harold Stassen is doing. What did he do last Christmas? He gave out $15 million in Christmas presents, not to the people of the United States, who needed it, but to people in foreign countries.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. MAYBANK. Now Mr. Stassen is asking for an additional $3,400,000,000. The committee has been holding hearings on the subject. I shall never vote for an additional $3,400,000,000, because there is $10 billion still on hand. To vote for money would simply be throwing it away.

Mr. JOHNSTON of South Carolina. If it is desired to balance the budget, I say let us stop giving money away to other countries. We can then give to our own people an additional $100 exemption on their income tax. In that way results will be obtained at home. But let us not complain about running up deficits while giving away—yes; throwing away—Christmas presents to foreign countries.

What was said by the man who helped write the tax bill? What did Mr. Beardsley Ruml, a tax expert, say? He said that if it was desired to stimulate business and industry, relief should be given by increasing exemptions to the individuals who pay the taxes, not by giving relief to the big corporations.

What will happen in connection with the reduction, in the case of corporations, from 51 to 47 percent next year? Nothing is being done to plug up that hole and to save millions of dollars. About 45 percent, in this bill, is given to the big corporations throughout the United States. But what has been done to increase exemptions for the little fellow?

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. MAYBANK. Is it not true that the big corporations have a major part in the distribution of foreign relief funds?

Mr. JOHNSTON of South Carolina. That is true; they get the best from it.

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

Mr. JOHNSTON of South Carolina. I yield.

Mr. HUMPHREY. On page 2 of the report of the committee is the following statement:

> This bill as amended by your committee will increase the savings to individuals by approximately $850 million and to corporations by about $630 million.

The question is, Which individuals will get the big savings of $850 million?

Mr. JOHNSTON of South Carolina. I think the Senator will find that it will be those in the high brackets—the rich stockholders.

Mr. HUMPHREY. Is it not true that even by the amendment of the Senator from Colorado, that figure literally is cut in half? Of the half which is left, most of it will go for stock-dividend credit.

Mr. JOHNSTON of South Carolina. It is cut in half the second year. In the first year it would be the same as under the pending bill.

The VICE PRESIDENT. The time of the Senator from South Carolina has expired.

Mr. FREAR. Mr. President, will the Senator from Georgia yield 1 minute to me?

Mr. GEORGE. I yield 1 minute to the Senator from Delaware.

Mr. FREAR. Certainly I want to see at least a balanced budget. I believe in accomplishing it by cutting expenditures. I am also one who believes that by increasing personal exemptions, the economy of the country can be bolstered. I am one also who thinks some relief should be afforded in the case of the double taxation of dividends. When section 116 comes up, I shall be in favor of it.

I shall support the George amendment because I think it is a proper amendment to do those things which we have said to the people of the country we are willing to do.

Mr. HUMPHREY. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia desire to yield additional time?

Mr. HUMPHREY. Will the Senator from Georgia yield 5 minutes to me?

Mr. GEORGE. Mr. President, how much time have I remaining?

The VICE PRESIDENT. The Senator from Georgia has 35 minutes remaining.

Mr. GEORGE. I yield 5 minutes to the junior Senator from Minnesota.

Mr. HUMPHREY. As we come to the issue on the George amendment, I think we again come to grips with a basic conflict in economic philosophy. There is one philosophy known as the trickle-down theory. This is the matter of giving special consideration to investment capital, which one would not consider to be a necessary consideration.

Secondly, there is the theory of percolating up.

As a matter of fact, I think the two theories can be somewhat epitomized by the names of the men involved in the thinking. One is Secretary of the Treasury George Humphrey; the other one is merely the junior Senator from Minnesota, HUBERT HUMPHREY.

George Humphrey believes in the trickle-down theory; in other words, he believes that special consideration should be given to corporate income and to stock dividend income, which will provide jobs, insure prosperity, and build up a forward looking economy.

The other theory is that if the base of the economy is built up and there is mass consumption and great consuming power—and that is the theory to which the junior Senator from Minnesota subscribes—there will be a strong economy and one which will utilize its productive capacity and will present incentive for further investment.

I shall give a simple analogy. One can take a blowtorch and apply it to the top of a coffee percolator and keep it there from now to kingdom come, and he will not get the water at the bottom of the percolator warm; but if he puts a torch to the bottom of the kettle, there will be plenty of water spurting up. What I am trying to say is that by increasing the purchasing power at the level of the consumer, the rewards of industry will be obtained, and there will be production at the top.

Let us be clear about what is happening in this economy of ours. Why do we need the George amendment? First of all, we need it on the basis of simple equity. Secondly, we need it because of the present economic situation. I should like to call the following facts to the attention of my colleagues:

Unemployment increased between January and May by 218,000 to a total of 3,305,000. In other postwar years unemployment fell between these months by 400,000. An additional 2,400,000 were involuntarily employed for fewer than 35 hours.

The Chairman of the Council of Economic Advisers says unemployment may rise to 4 million in June and go higher in July. He looks for no reduction until October.

Factory employment has fallen for 9 months in a row—a loss of 1,734,000 jobs. Now 10 percent below August 1953.

Reduced hours have cut factory employment still further. Man-hours worked in May were 14 percent less than August 1953.

Average workweek in May factory employment was 1.4 hours less than in March 1953. For 16 million factory workers this is equivalent to total unemployment of 560,000 workers.

In the week of June 12, 2,035,000 workers were receiving unemployment insurance, 1,200,000 more than a year ago. In the last 5 months, 658,000 workers have exhausted their unemployment compensation benefits. In May, more than a million persons had been unemployed for over 15 weeks.

Steel production is running at 72 percent of capacity. Ben Fairless and Eugene Grace both say production will remain at about this level throughout the year. Even this is optimistic in light of auto situation.

Auto production in second half of the year will be at least 33 percent below present rate. New car inventories of 638,000 on May 31, compared to 430,000 May 1953.

Total industrial production in May was 11 percent below the March 1953 peak.

Those facts must be faced. The truth, whether the administration likes to admit it or not, is that there is an economic dip and decline, which are not going to be helped by a tax bill which affords no relief whatsoever to the consumer element in the American public. Therefore, I support the George amendment, not merely because it affords tax relief, but because I believe it to be sound economics.

Finally, I want to say to the Members of the Senate that they are going to have to face their constituents, and when they do face their constituents——

The VICE PRESIDENT. The time of the Senator has expired.

Mr. HUMPHREY. Mr. President, I ask for an additional minute in order that I may conclude my remarks.

Mr. GEORGE. Mr. President, I yield an additional minute to the Senator from Minnesota.

Mr. HUMPHREY. When the Members of the Senate face their constituents with a bill which does not afford tax relief, any kind of tax reductions, or any kind of equitable relief for those with incomes under $5,000 a year, they are going to have to face a very hostile public.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement which I prepared on the George amendment, as it relates to the revenue aspects of the bill and the economic problems of the country.

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

STATEMENT BY SENATOR HUMPHREY

I submit a few thoughts on the pending tax bill and in support of the George amendment to raise personal exemption from $600 to $700. The distinguished chairman of the Senate Finance Committee gave us a masterful exposition of this long and difficult bill, in reporting the bill out of committee Monday. I want to congratulate him, and his committee, upon the work they have done and the many fine and needed revisions they have wrought in the Internal Revenue Code.

In reporting the bill to us, the distinguished senior Senator from Colorado made two notable statements. First, he said, and I quote him, "We are not in a position in which Government expenditures can be reduced systematically and on a long-term basis." And the second thing he said was that corresponding reductions in revenue should, and again I quote him, "make greatest contribution to a reduction of existing tax barriers to economic growth."

I am not quite as optimistic as the Senator from Colorado about our ability to reduce revenues and expenditures over a long-term basis, for I believe that the vast bulk of those expenditures and revenues are dictated by world conditions and not by what we, as Americans, might like.

But if it is true that we are in for reductions, then I think it is plain that revenue reductions must take place upon the principles of a progressive and equitable tax system. And I agree with the Senator that they must be planned to stimulate economic growth. Unfortunately, I cannot agree that the pending bill meets those principles as fully as it might.

My remarks today will be directed chiefly to the George amendment, which would raise individual income-tax exemptions to $700. I shall also have something to say about the provisions of this bill with regard to stock dividends, which the George amendment would replace. I think those are the two foremost issues in this bill.

RAISING INDIVIDUAL EXEMPTIONS

In January of this year I introduced a bill to raise individual income-tax exemptions to $800. Later on I was pleased and proud to support the proposal of the senior Senator from Georgia, which was also designed to raise individual exemptions to $800 this year.

While I personally would prefer to see these exemptions raised to the full $800 this year, I can understand the reservations of some of my colleagues about this, and their hesitation to reduce revenues too far too quickly. We may yet meet unforseen expenditures. I am therefore happy to support the current amendment to raise exemptions to $700, and to strike the proposed reductions in taxes on stock dividends.

FOR ECONOMIC REVIVAL

I am for raising individual income-tax exemptions at this time because I have always believed that a fiscal policy should be flexible and suited to the changing conditions of our volatile American economy. I do not believe that fiscal policy is our sole weapon against either recession or inflation, but I believe changes in tax policy will often turn the balance in our economy.

Right now, there are signs that our economy is off balance—not seriously so, perhaps, but seriously enough to threaten 3 to 4 million jobs this year. There is every reason to believe that the release of about $1½ billion into purchasing power would redress the balance of our economy.

Our immediate economic problem is not with investment; it is with consumption. Gross private domestic investment in this country has increased tremendously since the war. With the exception of the year 1949, there has been a marked and steady rise in investment in new construction and in producer's durable goods. In the last 8 years we have invested $240 billion in new producers' capital, and in 1953 alone we invested more than $38 billion. I am speaking of private investment.

This rapid rate of postwar investment shows every sign of having made up for the war years. It has been investment in the very latest and most productive machinery. Now the problem is arising of how we are going to take goods off the market, and this problem has been reflected in the inventory readjustment of the past several months.

According to the testimony of Dr. Alvin Hansen, one of the Nation's most respected economists, our recent rate of capital formation is well above normal, and is beyond the long-run maintainable rate.

This postwar investment has built up a tremendous productive capacity. It has gone into striking innovations and advancements in productive capacity. Annual increase in output per man-hour since the war has increased on an average of 3 percent; before the war the average increase was 2½. What this means is that our real problem is going to be one of increasing purchasing power. I support the George amendment because it will help provide just such an increase.

Of course, investments create income; but we should be sure that we are getting maximum purchasing power from that income. The way to do this, I believe, is to release $1½ billion of added purchasing power at the income levels where it counts.

AN EQUITABLE TAX STRUCTURE

I am for raising individual exemptions for another reason: because I believe that the tax structure of our Nation should be a progressive tax structure, as a matter of simple fairness. The cold war is going to last a long time—there is no use kidding ourselves about it. This is going to mean heavy governmental expenditures for national security for a long time. We will all have to make sacrifices for the preservation of our way of life. We should, however, stick to one principle: that whenever burdens can be reduced, they ought to be reduced progressively, so that those in the lower income brackets will not pay a disproportionate share of the cost of the cold war.

Figures show that at present our tax system is not entirely progressive. When all taxes paid are taken into account—and this includes local and State, as well as all Federal taxes—people with incomes under $1,000 pay 23.6 percent of their income in taxes; people with incomes from $1,000 to $5,000 pay 21.3 percent of their income in taxes; and people with incomes from $5,000 to $7,500 pay 23.1 percent of their income in taxes. So, when all taxes, direct and indirect, are considered, our tax system as it stands is not really progressive at the income levels below $7,500. Raising individual exemptions to $700 could restore the progressive nature to our tax system.

We have heard that this bill benefits the average taxpayer, and we have heard that the average taxpayer has already received considerable tax relief this year. The average taxpayer did receive a large percentage of the $1 billion cut in revenue from the excise-tax revision passed a few months ago. He did not, however, receive the $3 billion from the long-scheduled reduction in the income-tax rate which went into effect in January of this year, for the increase in social security taxes wiped out nearly all of this benefit. So we have only had about $1 billion added to purchasing power in the lower brackets this year.

We are told that the present tax bill benefits corporations by $646 million, and individuals by $849 million. But the question is—what individuals? Of that $849 million, $243 million comes from reduced taxes on stock dividends, and in future years that relief may come to as much as $800 million annually, for this provision is to be put into effect gradually.

Yet only 8 percent of all American families own stock. Those with incomes below $5,000 a year receive only 11 percent of all dividend income, for they have only small holdings of stock, where they have any at all. Four percent of all taxpayers receive 76 percent of all dividend income. Clearly most individuals are not getting the $849 million of tax relief. I have seen estimates that only 6 percent of tax relief in the present bill is going to taxpayers with incomes under $5,000, yet those with incomes of under $5,000 are 80 percent of all taxpayers.

THE TAX ON DIVIDENDS

I do not think the proposed reduction in taxes on stock dividends can be defended at this time, either as a matter of simple justice or as a matter of sound economics.

I do not think it is simple justice to pass most of the benefits of this tax bill on to those with high incomes—and those are the people who will benefit from this provision. I am sorry that it is necessary to tax high incomes as steeply as we do, but I do believe that those in the lower brackets should get relief first.

We have been told that the purpose of reducing taxes on stock dividends is to eliminate double taxation. It is not, of course, certain that taxes on dividends are double taxation. Nor, granted they are double taxation, is it certain to what extent they are double taxation. Economists argue these points.

But assuming we want to eliminate double taxation, there are certainly more equitable ways to do it. Why not provide a credit which would relieve dividends from the corporation tax, and then tax undistributed earnings at the same rate, or at approximately the same rate? This would be a much more equitable method, for it would grant tax relief in equal proportion to stockholders at all income-levels. The present proposal contained in the pending bill discriminates sharply against stockholders in the lower incomes.

To substantiate this point, I submit the following letter from a prominent economist to the Washington Post of April 1, 1954, to be inserted in the RECORD at this point in my remarks, together with a table showing the inequitable effects of the proposed tax reduction on dividends:

"TAXATION OF DIVIDENDS

"In your editorial of March 18, you call on responsible legislators in both parties to support the current tax bill, including the proposed plan for dividend relief. As I see it, this plan is a thoroughly bad proposal, unacceptable to the responsible legislator of either party.

"My reason is not that benefits from eliminating 'double taxation' accrue largely to people in the higher income brackets. My complaint is that the proposed technique fails in its very objective of giving impartial relief from double taxation. Instead, the relief is given in a distorted and inequitable fashion. While obvious to anyone familiar with the technicalities of taxation, this effect is not seen easily by the average voter. The issue, stated briefly, is this:

"Informed and sincere men may disagree as to whether or not the present law results in 'double taxation' of dividend income. One view is that the corporation is merely a thoroughfare for the profit income of shareholders. Since these profits are taxed first at the corporate and then at the personal level when received as dividend income, we have double taxation in the sense that profit income is taxed more heavily than other income. The opposite view is that the shareholder cannot be identified with the large publicly held corporation; his income therefore, is equal to dividends received, not to corporation profits. In this view, the corporation tax is not chargeable to the shareholder, and there is no double taxation in the sense that dividend income is taxed more heavily than other income. However this may be, let us grant the double taxation argument for present purposes.

"The remedy in this case is to adjust the tax structure so that corporation profits whether paid out or not become taxable at a rate neither more nor less than that which applies to other forms of income under the personal income tax. Corporation profits paid out as dividends should not be subject to both the corporation and the personal tax; and corporation profits retained should be taxed at a rate similar to that applicable to dividends.

"Techniques of accomplishing this have been discussed at great length among students of taxation; indeed, they have been the main topic of discussion since the early forties. Fairly general agreement has been reached along these lines. The ideal solution would be to treat corporations as partnerships and to impute all profits to shareholders. This method is workable for closely held corporations, but it would run into difficulties if applied to the large and widely held firms. For these, a less perfect solution must do.

"One such solution, the so-called dividend-paid credit, would exempt dividends paid from the corporation tax, and tax-retained earnings at a rate more or less corresponding to the personal income tax on dividends as paid by the average shareholder. Another solution, referred to as the British method, would do essentially the same but provide for partial source withholding of the personal tax on dividend income at the corporation level.

"The proposed bill follows neither the dividend-paid credit nor the British method but permits the taxpayer to deduct from his tax liability 5 percent (next year 10 percent) of his dividend income. The result is not an equal degree of elimination for the small and the large taxpayer. Rather, the 10-percent credit will cut double taxation by roughly six-tenths at the top, and by roughly one-tenth at the bottom of the scale. The initially proposed 15-percent credit would indeed have been more beneficial to the very large dividend recipient than an outright repeal of the corporation tax.

"To be sure, this lopsided effect is modified somewhat by an additional provision for the exclusion of the first $50 (next year $100) of dividend income from the tax base;

but this is a messy way of providing a correction, and it does not go very far in counteracting the effect of the major provisions. Moreover, it is of no use to the small dividend recipient not subject to the income tax, including the famous widows and orphans who so frequently have been cited as the prime victims of the present system.

"In view of these facts, how can it be argued with any degree of sincerity that this is a fair piece of legislation? There may be legitimate differences of opinion whether it is wise at this time to substitute an increase in personal income-tax exemptions for the proposed plan; but I fail to see how the proposed method of dividend credit can be defended. Nor can it be argued that this is a matter of technical detail. The proposed dividend credit is the heart of the bill, and its enactment would do severe damage to the American tax structure for many years to come.

"Those interested in the politics of the matter should note that the proposed technique was not specified in the President's recommendations for dividend relief; and it is this technique, not the general principle of dividend relief, against which this criticism is directed. We have seen that techniques are available which are not subject to this criticism, if we only wish to use them. This being the case, why not amend the bill accordingly? Unless this is done, I fail to see how it can claim the support of the responsible legislator.

"RICHARD A. MUSGRAVE,
"Professor of Economics, University of Michigan.
"ANN ARBOR, MICH."

"Comparison of tax liability of a person receiving a salary with a person receiving all his income from dividends for the year 1955—Married couple, 2 dependents

Amount of income [1]	Tax on salary (earned income)	Tax on dividend income (unearned) [2]	Percentage reduction in tax for dividend recipient	Dividends, recipients (percent of increase in take-home pay)
$3,000	$60	$20	66.7	1.4
$4,000	240	110	54.2	3.5
$5,000	420	200	52.4	4.8
$8,000	976	484	50.4	7.0
$10,000	1,372	700	49.0	7.8
$15,000	2,486	1,360	45.3	9.0
$20,000	3,800	2,220	41.6	9.8
$25,000	5,318	3,280	38.3	10.4
$50,000	15,976	11,670	27.0	12.7
$100,000	44,724	35,905	19.7	16.0
$300,000	194,804	167,965	13.8	25.5
$500,000	356,956	312,115	12.6	31.3
$1,000,000	766,456	676,615	11.7	38.5

[1] Income before deductions and personal exemptions. Tax computations assume deductions equal to 10 percent of income in arriving at net income for tax purposes.
[2] All dividends are assumed to be received by the husband. (If a wife receives dividends they would get a $200 exclusion from income.)

NOTE.—Proposal for 1955 provides for exclusion of first $100 of dividends and a 10-percent tax credit on dividends in excess of the exclusion. The amount of dividends on which the credit is computed is not to exceed the taxable income (net income after deductions and personal exemptions).

I do not believe the dividend provisions in this bill can be defended as a matter of sound economics. It has been the policy of this administration right along to provide incentives to private investors. Why? The record shows, Mr. President, that the greatest share of corporate investment is financed out of corporation earnings, anyway. Since World War II, only 7 percent of long-term financing has come from equity stocks. I should like to have a table from the President's Economic Report and a recent article from the New York Times of June 27, 1954, made a part of my remarks to demonstrate this point.

"TABLE G-47.—*Sources and uses of corporate funds, 1946-53* [1]

[Billions of dollars]

Source or use of funds	1946	1947	1948	1949	1950	1951	1952	1953 [2]
Uses:								
Plant and equipment outlays	13.2	17.5	19.1	16.4	17.0	21.6	22.5	24.0
Inventories (change in book value)	11.2	7.1	4.2	−3.6	9.9	10.2	1.7	3.5
Change in customer net receivables [3]	1.0	3.0	2.8	.8	5.1	.7	2.4	3.0
Cash and U. S. Government securities	−4.7	1.0	1.0	3.2	4.5	3.0	.3	2.0
Other current assets	−.7	−.1	(4)	−.2	.3	.4	.5	.5
Total uses	20.0	28.5	27.1	16.6	36.8	36.0	27.4	33.0
Sources:								
Internal:								
Retained profits and depletion allowances	7.6	11.6	12.8	8.0	13.0	10.2	8.8	10.0
Depreciation allowances	4.3	5.3	6.3	7.2	7.9	8.7	10.3	12.0
Total internal sources	11.9	16.9	19.1	15.2	20.9	18.9	19.1	22.0
External:								
Change in Federal income tax liability	−1.6	2.3	.8	−2.3	7.2	5.1	−3.1	2.5
Other current liabilities	2.1	1.4	.3	.5	1.7	1.0	1.0	1.0
Change in bank loans and mortgage loans	3.8	3.4	1.9	−2.2	2.4	5.2	3.2	1.0
Net new issues	2.4	4.4	5.9	4.9	3.7	6.3	8.1	7.5
Total external sources	6.7	11.5	8.9	.9	15.0	17.6	9.2	12.0
Total sources	18.5	28.3	28.1	16.0	35.9	36.6	28.3	34.0
Discrepancy (uses less sources)	1.5	.3	−.9	.6	.9	−.6	−.9	−1.0

[1] Excludes banks and insurance companies.
[2] Estimated to nearest half-billion dollars on basis of incomplete data; by Council of Economic Advisers.
[3] Receivables are net of payables which are therefore not shown separately.
[4] Less than 50 million dollars.

NOTE.—Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce based on Securities and Exchange Commission and other financial data (except as noted)."

"[From the New York Times of June 27, 1954]

"DO OLD STOCKS RISE FOR LACK OF NEW?—FLOTATIONS PLAYING REDUCED ROLE IN FINANCING—IMPACT OF 'INSTITUTIONS' WEIGHED

"(By Burton Crane)

"There is a persuasive body of evidence that the stock market advance since the end of 1948 may have been due at least partly to a shortage of new issues.

"Since then, net new equity issues have aggregated only $11,400,000,000. The market value of all common and preferred stock issues outstanding—including those sold over the counter as well as on the exchanges—has risen an estimated $56 billion.

"A reduction in new issues results in part from changes in corporate practice. Between 1926 and 1941, according to the Department of Commerce, nonfinancial corporations in the country paid out 91 percent of their net income as dividends and raised money from the open market. Now they are less liberal.

"Since World War II, corporations have filled their long-term financing needs as follows: Retained profits, 40 percent; depreciation, 30 percent; mortgage and bank loans, 9 percent; and bonds, 14 percent. Equities have accounted for only 7 percent.

"In 1953, according to Securities and Exchange Commission figures, new corporate issues, less retirements, accounted for $7,260,000,000, with bonds aggregating $4,885,000,000 and stocks $2,375,000,000.

"There are some signs that the rising importance of the institutional investor may be changing the nature of the market. The institutions are not interested in the whole range of the market for stocks, only in those of so-called investment caliber that have sufficient following to generate adequate volume. Therefore the demand of the institutions in the market may be considered to be channelled into the issues of the larger companies.

"It should be remembered that institutions, unlike individual investors, are under a constant compulsion to put their funds to work. They may not remain liquid to any important extent.

"Figures have been gathered in an attempt to measure the impact of institutional investments on the stock market. If 1953 had been a different kind of year—that is, if prices had risen as in 1951—this kind of study would have been exceedingly difficult, for the researcher would have had trouble separating gains due to price appreciation from gains due to new investments. However, the value of stocks on the New York Stock Exchange fell from $120,500,000,000 to $117,300,000,000 from December 31, 1952, to December 31, 1953. Changes—except a decline in one estimate that may be assumed to be due to lowered market value rather than net sales—can be fairly assigned to net purchases.

"According to the Securities and Exchange Commission studies of liquid savings, net purchases of stock equities by individuals in 1953 were only $700 million, which checks fairly well with the figure of $960 million at the bottom of the third column below. If figures on bank-administered personal trusts, personal holding companies, and the common stock holdings of nonfinancial corporations were available, the margin would probably be considerably smaller.

"The decline for closed-end investment companies noted above was due to the fact that some of them became open-end companies.

"Changing patterns in securities holdings

[In millions of dollars]

	Aggregate—		Increase in—	
	Holdings of equities	N Y S E equities	Aggregate equities	N Y S E equities
Total	185,000	117,300	2,375	1,663
Institutional total	63,753	47,185	1,415	1,155
Life insurance companies	63,753	47,185	1,415	1,155
Fire, marine, etc	4,700	3,500	340	200
Open-end investment companies	3,900	3,340	200	170

"Changing patterns in securities holdings—Continued

[In millions of dollars]

	Aggregate—		Increase in	
	Holdings of equities	N Y S E equities	Aggregate equities	N Y S E equities
Closed-end investment companies	1,030	865	[1] 75	[1] 55
Bank-administered personal trusts	25,900	19,000	(2)	(2)
Mutual savings banks	400	80	100	40
College endowments	1,750	1,300	100	100
Foundations, etc	3,600	2,600	100	100
Personal holding companies	2,500	2,500	(?)	(?)
Nonfinancial corporations	14,000	10,000	(?)	(?)
Life insurance-administered pension funds	1,400	1,000	140	175
Company-administered pension funds	2,000	1,500	300	225
Balance	121,247	70,115	960	508

[1] Decline.

[2] No data available to show purchases. Decline of $600 million apparently due to drop in market rather than sales and so not included."

We are told that relief to private equity capital would reverse a trend away from equity capital and toward corporate borrowing. Yet, according to the testimony of Prof. Alvin Hansen before the Senate Finance Committee, bond issues made up about 75 percent of all new corporate issues in the period 1922–27, which is about the same share as now. Yet our tax laws were much more favorable to equity capital in the twenties. And, Mr. President, we have no assurance that the funds released through tax relief will go into investment. They may, instead, be held as savings, to contribute further to economic stagnation.

We are told that corporations cannot and will not continue to finance new investment because of the burden of taxation they carry. This is given as a reason for increasing the incentives to equity capital. Corporate profits after taxes have continued high, and I submit the following table showing this as a part of my remarks at this point:

"CORPORATE PROFITS AND FINANCE

"TABLE G–44.—*Profits before and after taxes, all private corporations, 1929–53*

[Billions of dollars]

Period	Corporate profits before taxes	Corporate tax liability [1]	Corporate profits after taxes		
			Total	Dividend payments	Undistributed profits
1929	9.8	1.4	8.4	5.8	2.6
1930	3.3	.8	2.5	5.5	−3.0
1931	−.8	.5	−1.3	4.1	−5.4
1932	−3.0	.4	−3.4	2.6	−6.0
1933	.2	.5	−.4	2.1	−2.4
1934	1.7	.7	1.0	2.6	−1.6
1935	3.2	1.0	2.3	2.9	−.6
1936	5.7	1.4	4.3	4.6	−.3
1937	6.2	1.5	4.7	4.7	(2)
1938	3.3	1.0	2.3	3.2	−.9
1939	6.5	1.5	5.0	3.8	1.2
1940	9.3	2.9	6.4	4.0	2.4
1941	17.2	7.8	9.4	4.5	4.9
1942	21.1	11.7	9.4	4.3	5.1
1943	25.1	14.4	10.6	4.5	6.2
1944	24.3	13.5	10.8	4.7	6.1
1945	19.7	11.2	8.5	4.7	3.8
1946	23.5	9.6	13.9	5.8	8.1
1947	30.5	11.9	18.5	6.6	12.0
1948	33.8	13.0	20.7	7.2	13.5

[1] Federal and State corporate income and excess profits taxes.

[2] Minus $8 million.

"TABLE G–44.—*Profits before and after taxes, all private corporations, 1929–53*—Con.

[Billions of dollars]

Period	Corporate profits before taxes	Corporate tax liability [1]	Corporate profits after taxes		
			Total	Dividend payments	Undistributed profits
1949	27.1	10.8	16.3	7.5	8.8
1950	41.0	18.2	22.7	9.1	13.6
1951	43.7	23.6	20.1	9.2	10.9
1952	39.2	20.6	18.6	9.1	9.5
1953	(3)	(3)	(3)	[4] 9.4	(3)
	Seasonally adjusted annual rates				
1952: First half	39.8	21.0	18.9	9.1	9.8
Second half	38.6	20.3	18.3	9.1	9.2
1953: First half	45.2	24.7	20.6	9.3	11.3
Second half	(3)	(3)	(3)	[4] 9.6	(3)
1952: First quarter	41.5	21.8	19.7	9.1	10.6
Second quarter	38.2	20.1	18.0	9.1	8.9
Third quarter	37.0	19.4	17.5	9.1	8.4
Fourth quarter	40.3	21.2	19.1	9.1	10.0
1953: First quarter	44.6	24.4	20.3	9.2	11.1
Second quarter	45.9	25.0	20.8	9.4	11.4
Third quarter	43.3	23.6	19.6	9.6	10.0
Fourth quarter	(3)	(3)	(3)	[4] 9.6	(3)

[3] Not available.

[4] Estimates based on incomplete data; 4th quarter by Council of Economic Advisers.

NOTE.—No allowance has been made for inventory valuation adjustment. See appendix table G–7 for profits before taxes and inventory valuation adjustment.

Detail will not necessarily add to totals because of rounding.

Source: Department of Commerce (except as noted)."

CONCLUSION

No one wants to retain high taxes any longer than we can help. I agree that it is now time to reduce taxes. I believe, however, that our aim in reducing taxes should be to foster an equitable tax structure, and to contribute to economic prosperity. I do not believe the present bill meets these standards fully.

I say this in full awareness that there are many excellent provisions in the bill. I can cheerfully vote for its provisions on medical expenses, child-care expenses, liberalized deductions for dependents, deductions for soil and water conservation expenditures, and other more technical provisions and revisions which were badly needed.

At the same time I will vote for the George amendment to raise individual income exemptions to $700, in the belief that such a vote is a vote for both justice and prosperity. It puts tax relief for the many ahead of tax relief for the few; it places consumption ahead of investment.

Mr. PURTELL. Mr. President, will the Senator from Colorado yield me 3 minutes?

Mr. MILLIKIN. I yield 3 minutes to the Senator from Connecticut.

Mr. PURTELL. I had understood, and I hope I am correct in my understanding, that when the amendment before the Senate today was first presented, it allowed a $100 exemption and also up to $91 to those wealthy enough to be in the higher income bracket. Up until the late proposal was made this afternoon, that is what the George amendment called for. That would have benefited, beyond any question, those who had the greatest incomes as compared to those who had the lower incomes. That is what the George amendment originally provided for, which meant that if one were within the 20-percent bracket he would get $20, and if he were in the 91-percent bracket he would get $91, I should like to ask whether we are voting for the George amendment which provides for a limitation, a limitation which was put in by the Senator from Colorado, that the wealthy man can benefit up to $91, but there is a maximum beyond which one cannot go with regard to benefits. I should like to have the Senator from Georgia answer that question.

Mr. GEORGE. There is a slight limitation beyond which a taxpayer or dependent or beneficiary cannot receive benefits.

Mr. PURTELL. May I ask the Senator from Georgia if that was provided in the amendment offered today?

Mr. GEORGE. Yes.

Mr. PURTELL. That provision is embodied in the amendment on which we are about to vote?

Mr. GEORGE. Yes; that is a part of the amendment. It is written into the amendment. I offered it, and it was accepted. I obtained unanimous consent to modify the amendment accordingly.

Mr. PURTELL. I thank the Senator very much.

Mr. KERR. Mr. President, will the Senator from Texas yield me 3 minutes?

Mr. JOHNSON of Texas. I yield the Senator from Oklahoma 3 minutes.

Mr. KERR. Mr. President, a little while ago the distinguished Senator from Colorado made a statement, of which I know he was sincerely convinced, that there was no basis for an economic lift. Therefore, I think it is appropriate for me to read into the RECORD a statement which I read a while ago on the ticker tape, an Associated Press dispatch, reading in part as follows:

WASHINGTON, D. C.—The Agriculture Department reported today that farm prices dropped between mid-May and mid-June, the sharpest monthly decline in several years.

I wish to say I can see no stronger warning on the economic horizon than that statement from the Department of Agriculture that the drop in farm prices for 1 month has been the sharpest drop in years, which indicates and verifies the fact that the economy is in need of the lift which would be provided by the George amendment.

I should like to express one other thought, Mr. President. As the distinguished Senator from Georgia said a little while ago, Senators must not lose sight of the fact that this body will pass the tax bill, either as it came from the Finance Committee, with the many provisions of benefit to the few taxpayers, and the few provisions of benefit to the many taxpayers, or as amended by the George amendment. The choice which the Senate will make this day is either to pass the bill as amended by the George amendment, which gives tax benefits to the many, or the bill as presented by the committee, which gives tax benefits to the few. With only those two alternatives from which to choose, Mr. President, there can be no choice, in wisdom,

equity, and justice, but to approve the George amendment.

Mr. GOLDWATER. Mr. President, will the Senator from Colorado yield 5 minutes to me? I shall probably only use 3 minutes.

Mr. MILLIKIN. I yield 5 minutes to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, a very serious question is before us today, and it is sad to me that politics has had to enter into discussions and decisions which will not affect those of us in this Chamber, or those of us living today, but which will affect the future of our children and the future of our country.

Mr. President, this administration inherited an overbearing and overwhelming debt. I am sad, as a Republican, to say that the debt has been added to because I think it could have been cut. But who is going to pay these taxes? Who is going to pay this debt? My colleagues and I are not going to pay it. Our children are going to pay it, if we have the freedom and the wealth after this fiscal stupidity is allowed to continue.

Mr. President, today I have heard a great deal said about what the amendment would do in the way of providing a stimulus to our economy. I wish to ask my colleagues, as fair minded, intelligent men, whether a minimum of $1,700,000,000 or a maximum of $2,225,000,000 will actually stimulate our economy. After all, $1,700,000,000 is less than 2 days' share of the national income, and $2,225,000,000 is a little more than 2 days' share of the national income. I suggest to the Senate that that amount of money would be but a pin prick; it would not be felt by our economy. Economists in whom I have great confidence tell me that if the Government wishes to sustain the economy at its present level, we must think in terms of $100 billion or $150 billion—which thought at the present time is sheer foolishness.

Mr. President, because the entire discussion today is along a line which I believe to be dangerous to the Nation, I wish to call attention to one sobering thought, namely, that between 1933 and 1939, 51 percent of the Federal budget was spent on artificial props or crutches, so to speak, which the Federal Government said it would put under the economy, to effect recovery and to sustain it. But, Mr. President, where is the Nation to get 51 percent of a budget of the size of the present one? Is it not time for Congress to think soberly about tightening up the belts of the spending agencies and about providing for the children of the future a sound basis upon which to work?

So, Mr. President, let us forget about the selfishness of the present generation. Instead, let us think about what will be best for our country in the long run, not what is best for America in an election year.

So I hope all Senators will think soberly about this matter, because the step we are proposing to take today, to give temporary relief to the small taxpayers and large taxpayers goes only in the direction of further control over the economy, because as we become more and more indebted to the giant octopus in Washington, we kiss goodby to personal and economic freedom in the United States.

I subscribe to the sentiment of the Senator from Virginia [Mr. ROBERTSON] when he says, in effect, that we should keep taxes as they are, get the country out of the hole it is in and balance the budget before we talk about tax reduction.

Mr. MALONE. Mr. President, will the Senator from Arizona yield for a question?

Mr. GOLDWATER. If I have time to yield.

Mr. President, has my time expired?

The VICE PRESIDENT. No; the time allotted the Senator from Arizona has not expired.

Mr. GOLDWATER. Very well; I yield to the Senator from Nevada for a question.

Mr. MALONE. Then, Mr. President, let me ask the Senator from Arizona whether he is aware that the budget now proposed includes $3,500,000,000 to be sent to European countries—or more money than the entire budget in 1932.

Mr. GOLDWATER. I do; and I certainly hope to have the opportunity to vote against that proposal, or against a substantial part of it.

Mr. MALONE. I am very happy to hear the Senator from Arizona say that.

Mr. MILLIKIN. Mr. President, I hope the vote against the amendment of the Senator from Georgia, as modified, will be very large. The modified amendment of the Senator from Georgia carries through to the top the benefits granted under it. Moreover, the bill will still remain a very, very expensive one, and will be bound to produce a startlingly heavy deficit.

Mr. GEORGE. Mr. President, if the Senator from Colorado will permit me to say so, I should like to point out that he is in error, because a little while ago I modified the amendment, by unanimous consent, by placing a limitation on the benefit that any taxpayer or any dependent could receive.

Mr. MILLIKIN. However, I am told by those who have been trying to ascertain the effect of the amendment, as modified, in the limited time available to us, that the modification will not amount to a great deal, but that the amendment as modified will still cause the bill to result in a very heavy loss to the Treasury.

Mr. GEORGE. The modification will place a limitation on the amount, so that the bracket in which the taxpayer happens to find himself will really be ineffective in this regard; the amendment as modified will substantially provide for a $20 increase for each taxpayer and each dependent.

Mr. MILLIKIN. Mr. President, we do not know the exact cost of the George amendment, as modified; but my information is that it still will result in a very heavy cost, even with the modification.

I desire to remind the Senate that the George amendment, somewhat decreased in cost as a result of the modification, will cost $657 million in the fiscal year 1955, and $1,760,000,000 in the fiscal year 1956, and $1,575,000,000 in the fiscal year 1957. Those amounts may be lessened by the alteration in or the modification of the amendment. There will be some decrease, as a result of the modification; but I am told that it will not amount to very much. So the figures I have just stated are as close as we can get at the present time to the exact figures.

I am also told that the amendment, if adopted, would wipe out what the Senate has already decided regarding the way in which to handle double taxation on dividends. That decision has been made by the Senate. However, I understand that the amendment of the Senator from Georgia would undo all that decision.

So I hope the vote against the amendment, as modified, of the Senator from Georgia will be large, for the modified amendment will increase the deficit more than the Government can stand at the present time.

Mr. President, we must be very careful in what we do here. Of course, there will be some leeway. Nevertheless, although the previous amendment was rejected, that does not mean we are now entitled to go the entire route, and thus throw the country into a deficit that we cannot overcome.

I suggest that we give this amendment a resounding defeat. The amendment cannot be approved by the administration. The administration disapproves of the amendment. The amendment is clearly one that will increase the deficit to unmanageable proportions.

Mr. GEORGE. Mr. President, so much has been said about the deficit, that I must say a final word on this question.

There is now a deficit. There will be a deficit during the greater part of the life of anyone who now serves in this body. There will be a greater deficit if we do not sustain the basic principles of a sound and expanding economy. But we cannot do that by adding capacity to a plant which already is operating undercapacity, as is true today in the case of nearly every key industry in the Nation. We can sustain the basic principles of a sound and expanding economy only if we increase the basic per capita purchasing power of the people of the Nation.

Mr. President, I have pointed out that although my amendment will cost something hereafter, it will also add something hereafter to the economy. Senators may not believe that; nevertheless, it is true.

When we return home, our constituents will ask us what budget it was that we wished to balance, and whether it was the unbalanced Federal budget, which will remain unbalanced throughout the years immediately ahead, according to every program that is afoot today; or whether we wished to have the home budgets balanced, and thus increase the capacity of the American people to purchase the products which can be turned out by our mills and our factories.

My proposal is in accordance with the sound equity of the situation, because in the years past, no single increase in the personal exemption has been made by Congress to take care of the increased cost of living; yet Senators sit here and

respond to a plea for a balanced budget. What budget, Mr. President? How are we to balance the budget unless we have an economy that will enable the people of the nation on a per capita basis to pay for the products of the mills and factories?

I never have appealed to prejudice. I have always congratulated myself with the express thought that in the Finance Committee we never had anything like partisanship. We may have differed on tax principles, but not on a partisan basis. I appeal to Senators. In this America, in this free economy, have we become so accustomed to luxuries and extravagant spending and living that we cannot see the long arm of the tax gatherer as it descends into the breadbasket of the poor in this country? That is the question which Senators' constituents back home will ask them.

If Senators wish to kill the only proposal before us that is in behalf of increased purchasing power for the masses of our fellow citizens, they may defeat this amendment.

I have pointed out that the one sure way of making it necessary to raise the debt limit before Congress adjourns is, first, to pass this bill, which, for the full year, would reduce the Treasury income—I mean this year, not next year—by $375 million, at a minimum. The depletion allowance and the dividend proposals would further reduce the Treasury income, not next year, but this year, from January 1 through the whole of the year, by a figure which would approach $400 million in loss to the Treasury. That would mean that we would have to increase the debt limit before we leave here, or leave the Treasury in a rather bad way.

The amendment which I offer would not decrease the Treasury's prospective or potential income by a single penny until we enter another calendar year, when, under the accelerated corporate income-tax-collection provisions of the bill, we can pick up in the very first months of that year a great part of the corporate taxes due for the entire year. That would make it possible for a frugal Treasury—and I greatly admire Secretary of the Treasury Humphrey—to go through without an actual increase in the debt limit. That is the problem which we face.

I do not rest this case on that basis. I rest it on the substantial basis, not of doing something for the poor and weak, or doing something for the rich and powerful, but doing something for our economy. If we want to strengthen the economy, if we want to increase at this time the per capita purchasing power of our people under a system of taxes currently collected as the money is earned, we have the finest opportunity to increase the purchasing power of our people without increasing inflation or inflationary tendencies.

Mr. President, I hope we may have a vote soon. While there is equity in the argument that the cost of living has advanced, and that $600 is now worth a little more than $300 in the purchase of food, clothing, and shelter, I base my case on the broad principle that if we are to have a stable, expanding economy—and there is no hope for this country if we cannot—under present conditions it must be through an increase in the purchasing power of the masses in America.

Mr. President, I am ready for a vote.

Mr. MILLIKIN. Mr. President, we have had the figures before us. I have introduced figures into the RECORD which show that, contrary to the impression which is sedulously sought to be created, the purchasing power of the American people today is in fine condition. There is no need for extreme emergency measures to bolster the purchasing power of the American people.

The Senator from Georgia has referred to the luxury which we have enjoyed. We have become accustomed to the luxury of deficit financing. We had better quit that habit or get it under control as rapidly as possible. This administration has done a fine job in preaching that gospel. We have effected large savings in our appropriations.

This is a history of our deficit: In 1952 we had a deficit of $4 billion; in 1953 a deficit of $9.4 billion. We shall have the figures for 1954 in a few days. I think the deficit for 1954 will be somewhere around $3 billion.

I estimate that within 1 year, if we do not go berserk and upset the entire budget, throwing ourselves into a permanent habit of deficit financing, which I respectfully suggest would be the tendency of the George amendment, we shall have the deficit problem whipped. We are making reductions in expenditures which justify the tax reductions we have made so far.

That does not mean that we can add to the deficit in an erratic manner which does not take account of the size of the deficit and the program for getting rid of it.

As I recall, there have been only three periods since World War II in which there was no deficit. I am not making a political argument based upon that fact. I am merely stating the fact, although I could make a political argument. We must get into the habit of establishing a balanced budget.

There has been a modification of the George amendment which, as I have previously stated, would result in a slight diminution of the cost, because of some factors which we have not been able to figure out. However, the difference would not be great. The cost of that amendment would be $657 million in 1955. There would be a total cost of $1,760 million in 1956 and $1,575 million in 1957.

That is no way to balance a budget. That is a way to thwart the process of balancing the budget which has been going on all this year. The excuse has been given that we should plow in more money at the lower levels. I am suggesting that the bill would plow in more money at every level. I could cite a dozen places where the benefits of the bill reach every bracket—the highest and the lowest. Everyone would benefit from the bill. I have already pointed out for the RECORD in what respect they would benefit, how many million people would benefit, and how much the benefit would be.

From a high of 137 in July of last year, the index of industrial production dropped steadily to 123 in March of this year; it steadied in April, and rose to 125 in May.

The average weekly hours worked in manufacturing followed substantially the same pattern, falling from a high of 41.1 in March 1953, to a low of 39 in April, and rising to 39.3 in May. That is working hours per week.

Personal income in April—and that is the kind of income the Senator from Georgia [Mr. GEORGE] is talking about—in April was at the rate of $282 billion, which was less than 1 percent below the level of $284½ billion for 1953. That certainly does not represent a cataclysmic emergency which must be met with measures which we would not dream of taking under conditions not departing from normality.

Disposable personal income for the first quarter of this year was at the rate of $249.8 billion, which was $4.4 billion higher than for the first quarter of 1953, and $1.9 billion higher than for the full year of 1953. The increase in disposable personal income reflects the tax cuts which became effective in January.

Consumer expenditures in the first quarter of this year were at the annual rate of $229.8 billion, which was $2.1 billion higher than for the first quarter of last year.

Personal savings were also higher, at an annual rate of $20 billion, up $2.3 billion from the level of a year ago. Thus, people had more income; they were spending some of the increase, and were saving the rest.

I could go on with other examples, without the slightest doubt in my mind that we need not do things that would defeat balancing the budget, on the ground that we are facing some terrible calamity or tragedy.

Our economy has steadied; it has improved, as I have pointed out. We do not have to fear on that score at this time. However, we can project ourselves into a situation, by being careless with the things we do or do not do in Congress, whereby it will be impossible for this administration to continue its path of decreasing expenditures and cutting out waste.

I urge that the amendment be defeated.

SEVERAL SENATORS. Vote! Vote! Vote!

The VICE PRESIDENT. The question is on agreeing to the amendment, as modified, offered by the Senator from Georgia [Mr. GEORGE].

The amendment was, on page 4, in section 3, strike out all down to the table and insert:

(a) Calendar year 1954: There is hereby imposed for taxable years beginning after December 31, 1953, and ending before January 1, 1955, in lieu of the tax imposed by section 1, on the taxable income of each individual whose adjusted gross income for such year is less than $5,000 and who has elected for such year to pay the tax imposed by this section, the tax shown in the following table:

On page 5 of the bill, in section 3, after the table insert:

(b) Taxable years beginning after December 31, 1954: There is hereby imposed for

each taxable year beginning after December 31, 1954, in lieu of the tax imposed by section 1, on the taxable income of each individual whose adjusted gross income for such year is less than $5,000 and who has elected for such year to pay the tax imposed by this section, the tax shown in a table to be prescribed by the Secretary or his delegate by regulations. Such table shall correspond in form to the table in subsection (a) and shall provide the amounts of tax imposed, taking into account the amount of the exemptions provided under section 151 for taxable years beginning after December 31, 1954.

On page 8 of the bill, in the table of sections to part IV, strike out "SEC. 34. Dividends received by individuals."

On page 9 of the bill, strike out section 34.

On page 20 of the bill, in the table of sections to part III, strike out "Sec. 116. Partial exclusion of dividends received by individuals."

On pages 29 and 30 of the bill, strike out section 116.

On pages 33 and 34 of the bill in section 151 strike out "$600" each place it appears therein and insert: "$600, in the case of taxable years beginning after December 31, 1953, and ending before January 1, 1955, and $700, in the case of taxable years beginning after December 31, 1954."

On page 34 of the bill, in section 151, after subsection (e) insert:

(f) The amount of any exemption provided by this section in excess of $600 shall not reduce the tax of any taxpayer in an amount in excess of $25.

On page 151 of the bill, in section 584 (c), strike out the heading and first sentence of paragraph (2) and insert:

(2) Partially tax-exempt interest: The proportionate share of each participant in the amount of partially tax-exempt interest, on obligations described in section 34 or section 242, received by the common trust fund shall be considered for purposes of such sections as having been received by such participant.

On pages 160 and 161 of the bill, in section 642 (a), strike out paragraph (3).

On page 162 of the bill, in section 643 (a), strike out paragraph (7).

On page 249 of the committee amendments, strike out lines 20 through 22, and insert:

(5) dividends with respect to which a deduction is allowable under part VIII of subchapter B.

On page 415 of the bill, in section 3402, after subsection (i) insert:

(j) Remuneration paid after December 31, 1954: Effective with respect to remuneration paid after December 31, 1954, the amount of tax to be deducted and withheld under this chapter shall be prescribed by the Sectary or his delegate. The Secretary or his delegate shall by regulations prescribe tables corresponding in form to the tables provided in subsections (b) and (c), taking into account the amount of the exemptions provided under section 151 for taxable years beginning after December 31, 1954. The amount of tax required by such regulations to be deducted and withheld shall for all purposes be considered the tax required to be deducted and withheld under this chapter.

On page 646 of the bill, in section 6012 (a), strike out paragraph (1) and insert:

(1) (A) In the case of taxable years ending before January 1, 1955, every individual having for the taxable year a gross income of $600 or more (except that any individual who has attained the age of 65 before the close of his taxable year shall be required to make a return only if he has for the taxable year a gross income of $1,200 or more);

(B) In the case of taxable years beginning after December 31, 1954, every individual having for the taxable year a gross income of $700 or more (except that any individual who has attained the age of 65 before the close of his taxable year shall be required to make a return only if he has for the taxable year a gross income of $1,400 or more).

On page 649 of the bill in section 6013 (b) (3) (ii), strike out "and the other spouse had less than $600 of gross income ($1,200 in case such spouse was 65 or over) for such taxable year" and insert: "and the other spouse had, in the case of a taxable year ending before January 1, 1955, less than $600 of gross income ($1,200 in case such spouse was 65 or over), or, in the case of a taxable year beginning after December 31, 1954, had less than $700 of gross income ($1,400 in case such spouse was 65 or over), for such taxable year."

On page 649 of the bill, in section 6013 (b) (3) (iii), strike out "of $600 or more ($1,200 in case such spouse was 65 or over) for such taxable year" and insert ", in the case of taxable years ending before January 1, 1955, of $600 or more ($1,200 in case such spouse was 65 or over), or, in the case of taxable years beginning after December 31, 1954, of $700 or more ($1,400 in case such spouse was 65 or over), for such taxable year."

On page 650 of the bill, in section 6015 (a) (2), strike out subparagraph (A) and insert:

(A) the amount obtained by multiplying—

(i) $600, in the case of a taxable year ending before January 1, 1955, or

(ii) $700, in the case of a taxable year beginning after December 31, 1954,

by the number of exemptions to which he is entitled under section 151, plus.

The VICE PRESIDENT. The yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Wisconsin [Mr. MCCARTHY] is necessarily absent.

If present and voting, the Senator from Wisconsin [Mr. MCCARTHY] would vote "nay."

The result was announced—yeas 46, nays 49, as follows:

YEAS—46

Anderson	Hennings	Maybank
Burke	Hill	McCarran
Chavez	Humphrey	McClellan
Clements	Jackson	Monroney
Daniel	Johnson, Tex.	Morse
Douglas	Johnston, S. C.	Murray
Eastland	Kefauver	Neely
Ellender	Kennedy	Pastore
Ervin	Kerr	Russell
Frear	Kilgore	Smathers
Fulbright	Langer	Sparkman
George	Lehman	Stennis
Gillette	Lennon	Symington
Gore	Long	Young
Green	Magnuson	
Hayden	Mansfield	

NAYS—49

Aiken	Dirksen	Mundt
Barrett	Duff	Payne
Beall	Dworshak	Potter
Bennett	Ferguson	Purtell
Bowring	Flanders	Robertson
Bricker	Goldwater	Saltonstall
Bridges	Hendrickson	Schoeppel
Bush	Hickenlooper	Smith, Maine
Butler, Md.	Holland	Smith, N. J.
Butler, Nebr.	Ives	Thye
Byrd	Jenner	Upton
Capehart	Johnson, Colo.	Watkins
Carlson	Knowland	Welker
Case	Kuchel	Wiley
Cooper	Malone	Williams
Cordon	Martin	
Crippa	Millikin	

NOT VOTING—1

McCarthy

So the amendment, as modified, offered by Mr. GEORGE for himself and other Senators was rejected.

Mr. MILLIKIN. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion of the Senator from Colorado.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Colorado.

The motion to lay on the table was agreed to.

Mr. ROBERTSON. Mr. President, in view of the fact that several of my colleagues have important engagements and are very desirous of acting this afternoon on an amendment proposed by the senior Senator from Delaware on the subject of oil and gas depletion, I shall not ask for the immediate consideration of an amendment which I mentioned earlier in the day. I send that amendment to the desk, however, and ask that it be printed and lie on the table in order that it may be called up tomorrow.

The VICE PRESIDENT. The amendment offered by the Senator from Virginia will be printed and lie on the table.

Mr. JOHNSON of Colorado. Mr. President, a point of information.

The VICE PRESIDENT. The Senator will state it.

Mr. JOHNSON of Colorado. Is the dividend provision now in the bill? I presented a dividend provision.

The VICE PRESIDENT. The two amendments offered by the Senator from Colorado have been adopted and are in the bill. One of those amendments, the Chair understands, is the so-called dividend provision.

Mr. JOHNSON of Colorado. I should like to make a further inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. JOHNSON of Colorado. Is a motion to strike that amendment from the bill now in order?

The VICE PRESIDENT. A motion to strike out the amendment has been rejected. The Senator may propose an amendment in lieu of the dividend amendment if he so desires.

Mr. JOHNSON of Colorado. If that is not brought up at this time, and we have a session tomorrow, will it still be in order tomorrow?

The VICE PRESIDENT. It will be.

Mr. WILLIAMS. Mr. President, I send to the desk an amendment offered on behalf of the Senator from Vermont [Mr. AIKEN], the Senator from New York [Mr. LEHMAN], and myself, and ask that it be stated.

The VICE PRESIDENT. The clerk will state the amendment offered by the Senator from Delaware for himself, the Senator from Vermont [Mr. AIKEN], and the Senator from New York [Mr. LEHMAN].

The LEGISLATIVE CLERK. It is proposed, on page 224, line 17, to strike out the figure "27½" and insert in lieu thereof "15."

Mr. WILLIAMS. Mr. President, this amendment has been modified from the original amendment offered in that we are here dealing only with the oil-depletion rates of depletion. It is proposed on page 224, line 17, to strike out the figures "27½" and insert in lieu thereof "15." Its adoption will provide the Treasury with about $300 million additional revenue. I do not think it will take very long to discuss the amendment. Every Member of the Senate is familiar with the circumstances surrounding the situation, wherein, under existing law, there is an allowonce of 27½ percent deduction from the gross income of oil producers' income. This allowance is a special tax credit and has no relationship to the amount of investment in the oil wells.

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

Mr. WILLIAMS. I yield.

Mr. MILLIKIN. Has the Senator submitted an amendment?

Mr. WILLIAMS. The amendment has been submitted.

Under the present system, the 27½-percent depletion allowance on gas and oil is an allowance to that industry over and above all normal allowances and exemptions which are accorded to every other individual as a taxpayer or every other corporation as a taxpayer.

In addition to depletion allowances, it is permissible under existing law to write off all drilling costs and production costs.

The 27½-percent depletion allowance merely means that oil producers get a saving of 27½ percent on the gross amount of sales of oil each year as a special tax credit. The net result is that as the depletion allowance is applied both to corporations and to individuals, it is found that many such taxpayers are paying little or nothing in taxes under the existing law.

For instance, according to figures furnished by the Treasury Department, the United States is collecting very little in the way of taxes from the oilfields in the Far East, after granting the depletion allowance and after the special foreign tax credit. It is found that we are getting practically no revenue from that particular area.

Mr. President, before discussing the amendment in detail I ask for the yeas and nays.

The PRESIDING OFFICER. The Senate will be in order.

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

The PRESIDING OFFICER. A request has been made by the Senator from Delaware for the yeas and nays. Senators who favor the yeas and nays will kindly raise their hands until they can be counted.

The yeas and nays were not ordered.

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

The PRESIDING OFFICER. The Chair advises the Senator that the time required for a quorum call now will have to be taken from the Senator's time.

Mr. WILLIAMS. I can suggest the absence of a quorum a little later. How much time have I remaining on the amendment?

The PRESIDING OFFICER. The Senator had 1 hour; he has used 5 minutes.

Mr. WILLIAMS. I yield to the Senator from Colorado. I will present my complete case later.

The PRESIDING OFFICER. How much time does the Senator from Delaware yield to the Senator from Colorado?

Mr. WILLIAMS. The Senator from Colorado has his own time, unless he desires to accept my amendment.

Mr. MILLIKIN. I will not accept the Senator's amendment. I desire to use some of my own time, but I do not wish to do so now.

The PRESIDING OFFICER. The Senator from Colorado is recognized in opposition to the amendment.

Mr. MILLIKIN. Mr. President, how much time have I?

The PRESIDING OFFICER. The Senator from Colorado has 1 hour.

Mr. NEELY. Mr. President, will the Senator from Colorado yield 20 minutes to me?

Mr. MILLIKIN. I yield 20 minutes to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 20 minutes.

Mr. NEELY. Mr. President, Napoleon said that he could always defeat the members of the council with the simple argument that 2 and 2 make 4. That formulary would probably be sufficient to defeat the devastating amendment offered by the Senator from Delaware [Mr. WILLIAMS]. But prudence admonishes me to supplement it with both facts and argumentation.

The provision for the 27½ percent oil and gas depletion allowance was written into the law of the land by virtue of an amendment which I wrote and which the Senate, on my motion, adopted on the 25th day of February 28 years ago. This is the provision which the Senator from Delaware is now seeking to impair. In all the attacks that have been made on this amendment since the date of its adoption, I have defended it to the limit of my capacity in the belief that it was my duty to pursue that course. Today let me appeal to Senators for the perpetuation of this amendment as earnestly as John the Baptist cried in the wilderness of Judea for the repentance of sinners.

During the latter part of the year 1925 and the early days of 1926 informed men of vision warned the Nation that its supply of oil was being rapidly diminished and that it would, in the reasonably near future, be exhausted. It was then estimated that our total oil reserves amounted to only 8,500,000,000 barrels. Patriotic men in high places urged the conservation of this vital resource and even recommended that it be nationalized in order that it might be conserved to the limit of possibility.

At that time it was daily becoming more and more difficult to find oil. Its discoveries in 1922, 1923, and 1924, averaged approximately a half billion barrels a year. Multitudes of venturesome, patriotic, tireless men were spending their lives and their fortunes vainly searching for more oil. At last the prudent declined to spend their days and their capital in the burdensome, bankrupting, hazardous hunt for oil.

A diligent Congress recognized the Nation's peril in this vital matter and proceeded to provide the necessary protection against it by adopting the depletion allowance provision under which oil operators, who were fortunate enough to succeed, could eventually regain their capital investment. The effect of the adoption of the amendment was immediate and amazingly beneficial. As a result of its operation, a foundation was laid for accomplishments by virtue of which the United States is today the last and only effectual barrier to communistic conquest and enslavement.

From 1926 to 1931 the newly discovered oil averaged over two billion barrels a year—300 percent more than the average discoveries of 1922, 1923, and 1924.

The provision of the law which the Senator from Delaware is striving to cripple, rendered it possible for America to supply the oil that enabled her and her allies to win the Second World War. That war made more than a fourfold increase in the demand upon our oil resources and production. Nevertheless, because of the incentive afforded by the depletion allowance provision, we now have more than 3 times 8,500,000,000 barrels of reserve oil, of which we knew 28 years ago.

Without the unimpaired provision under attack, this Nation would soon become absolutely dependent not only for its progress but also for its economic existence upon the foreign oil, which, in case of an atom or hydrogen bomb war, would be rendered impossible of obtainment by this country.

The depletion provision of the law is largely responsible for the fact that America's 22,052,559 registered automobiles and other motor vehicles of 1926 have increased to more than 30 million in 28 years.

On the date of the enactment of the depletion allowance law, this Nation had, exclusive of city streets, 550,064 miles of paved highways. During the intervening years, our paved highways have been increased to an aggregate length of more than a million six hundred thousand miles. In other words, our highway paving during the 28 years since the adoption of the depletion allowance amendment is more than a million miles greater than all such paving ever done in this country in all the preceding history of the United States. But for the oil produced as a result of the depletion allowance and the necessity for highways over which to operate the automobiles that are powered and lubricated by that oil,

the million miles of our roads last paved would still be ankle-deep with dust in summer, knee-deep with mud in winter, and instrumentalities of stagnation, poverty, and distress instead of sources of prosperity, comfort, and peace.

Please remember when voting on the Williams amendment that no matter how great the loss of taxes due to the depletion law has been, it has not only been fully extinguished but repaid a hundred times and more by the additional taxes paid on gasoline, on the fabulously increased incomes of our vastly expanded iron, steel, automobile and airplane industries and others related to them, and by the new taxes paid by the millions who have been lucratively employed in our great industrial enterprises as the direct or indirect result of the oil which, but for the depletion provision in question, never would have been produced.

In justification of the present depletion allowance provision, let me remind the Senate that in this country last year it was necessary to drill six and six-tenths oil wells in order to obtain one producer, and that our average cost of drilling a producer oil well in 1953 was more than 17 times as much as it was before the Second World War.

It is now more necessary than it ever was before that our oil production be fully maintained. The adoption of the Williams amendment would reduce this indispensable consummation to a sheer impossibility. If I wanted to help the Communists overrun this country as they have overrun Europe and Asia, I would vote for the Williams amendment. Of course, I do not question the Senator's motives or doubt his patriotism in urging approval of his amendment. But to adopt it would be disastrous beyond the possibility of calculation.

In this crucial hour of unparalleled danger, aggression, and worldwide encircling gloom, let us, by overwhelmingly defeating the amendment, officially warn not only all ferocious warmongers but also all our timid friends across the sea that we will not, by legislation, appeasement, or any other earthly means, destroy, handicap or discourage any legitimate industry or activity that is vital to the security, happiness, prosperity, or peace of the American people.

LEGISLATIVE PROGRAM FOR TODAY

Mr. KNOWLAND. Mr. President, will the Senator from Colorado yield for 1 minute, so that I may make an announcement concerning the program for today?

Mr. MILLIKIN. I yield to the distinguished majority leader whatever time he may desire.

Mr. KNOWLAND. When debate on the current amendment of the Senator from Delaware is completed, after consultation with the minority leader and the chairman of the Finance Committee, who is handing the bill, it is the intention of the majority leader to move that the Senate stand in recess until 11 o'clock tomorrow, at which time the Senate will proceed with further consideration of amendments.

A number of Senators have requested the information which I am about to state. I ask all of them to remain available until the Senate disposes of the pending amendment. We shall stay in session until that is done, after which a recess will be taken.

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

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

Mr. SMATHERS. Does the Senator intend to have a vote tonight, or merely to conclude debate?

Mr. KNOWLAND. It is intended that there shall be a vote on the amendment tonight.

The PRESIDING OFFICER (Mr. CASE in the chair). The Senator from Colorado is recognized.

Mr. MILLIKIN. Mr. President, several Senators have asked me to yield them time. I am ready to honor my promises. Has the proponent of the pending amendment exhausted his time? What is the time situation on this amendment?

The PRESIDING OFFICER. The Senator from Colorado has 50 minutes, and the Senator from Delaware has 54 minutes remaining.

Mr. MILLIKIN. Does the Senator from Delaware yield his time?

Mr. WILLIAMS. No; I was waiting to hear one bona fide argument against the amendment. I yield myself 1 minute in order that I may reply to the Senator from West Virginia.

The PRESIDING OFFICER. How much time does the Senator from Delaware yield to himself?

Mr. WILLIAMS. One minute. That is all it will take to reply to the Senator from West Virginia. The Senator from West Virginia has stated that the adoption of my amendment would encourage the expansion of communism throughout the world. The depletion rate of 27½ percent has been in effect for the last 15 years. During that time the Communists have made the greatest expansion the world has ever seen. Perhaps we had better reverse the depletion arrangement. I thank the Senator from West Virginia for pointing up such an excellent argument in behalf of my amendment.

Mr. AIKEN. Mr. President, will the Senator yield so that I may ask a question?

If the Senator from West Virginia feels the amendment would contribute to the spread of communism, does he mean that if we depleted some of the great oil fortunes we might deplete some of the great organized propaganda campaigns against communism?

Mr. DOUGLAS. Mr. President——

The PRESIDING OFFICER. For what purpose does the Senator from Illinois rise?

Mr. DOUGLAS. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Is the amendment of the Senator from Delaware open to amendment?

The PRESIDING OFFICER. It is.

Mr. DOUGLAS. I send to the desk an amendment to the amendment and ask that it be stated.

The PRESIDING OFFICER. Before the clerk states the amendment to the amendment, the Chair should like to inquire whether there is to be further debate on the pending amendment.

Mr. LEHMAN. Mr. President, will the Senator from Delaware yield?

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Is not the amendment of the Senator from Illinois considered an amendment to the pending amendment?

The PRESIDING OFFICER. The Chair has not read the amendment, but is advised by the assistant parliamentarian that it appears to be an amendment to the bill and not to the pending amendment.

Mr. DOUGLAS. It is an amendment in the form of a substitute. I do not wish to speak until time for debate upon the amendment of the Senator from Delaware has been exhausted.

The PRESIDING OFFICER. The amendment appears to be drawn as an amendment to the committee amendment rather than as an amendment to the Williams amendment. In either event, the Chair states that an amendment will not be in order until the debate on the pending amendment has been completed.

Mr. KNOWLAND. Mr. President, the Senator from Colorado has stepped from the Chamber for a moment, and on my responsibility, acting in his behalf, I yield 5 minutes to the Senator from Wyoming [Mr. BARRETT].

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 5 minutes.

Mr. BARRETT. I thank the distinguished majority leader. I may say I do not expect to use even the 5 minutes which the Senator from California has yielded to me.

Mr. President, if the oil-and-gas industry ever needed a depletion allowance it is today. I listened with a great deal of interest to the statement made by the distinguished Senator from West Virginia [Mr. NEELY]. I am pleased to know that he was the author of the depletion allowance while he was a Member of this body 28 years ago. There has been a great change in the operations looking toward the discovery of oil since that time.

Mr. President, it was considered too costly and too dangerous to attempt to drill a well more than 3,000 feet in depth. Most of the production in those days was found at depths of around 2,000 feet. The oil structures could be discovered from surface showings.

The situation is entirely different today. There is very little shallow production found today. Most oil wells today are drilled to depths of from 1 mile to even 3 or 4 miles into the bowels of the earth. Structures are no longer discernible from surface indications.

It is necessary now to conduct seismographic or geophysical work in order to determine whether oil-bearing structures lie beneath the surface of the earth.

Mr. President, oil is required for our Nation, both in peacetime and in wartime. In World War II, the difference

between victory and defeat lay in the fact that the United States, with its allies, was able to produce the fuel needed to carry on our war operations and to bring victory to our cause.

The distinguished Senator from Delaware has said he wished to have Senators state one good reason why the oil and gas depletion allowance should be maintained. Let me call to his attention the fact that, during the past year, the new oil discoveries in the United States were insufficient to match the oil consumption in our country. In other words, today we are operating on a deficit basis. At the present time we are digging into our reserves in order to provide sufficient fuel for our economy.

I wish to say to the distinguished Senator from Delaware that if his amendment prevails, that situation will grow progressively worse. Thousands of small operators will be forced out of business. Certainly, Mr. President, every stripper well in America would be in danger of being shut down.

So, Mr. President, in my judgment, if we ever needed a depletion allowance for the encouragement of those who are willing to take the risk of discovering oil it is here and now. If the amendment proposed by the distinguished Senator from Delaware prevails it may well be that some of the larger companies may be able to continue their extensive operations, but certain it is that thousands of small operators will not be able to continue in business. It will not only force us to dip deeper into our reserves but it will have a bad effect on our national economy.

Mr. CARLSON. Mr. President, will the Senator from Wyoming yield to me?

Mr. BARRETT. I yield to the distinguished Senator from Kansas.

Mr. CARLSON. The distinguished Senator from Wyoming mentioned one reason why it is necessary to continue the present depletion allowance. I should like to mention another reason for continuing it. If we wish to throw the Nation's economy into a tailspin and reduce or retard the great oil industry, which employs millions of persons and invests millions of dollars every year, Senators should vote for the amendment of the Senator from Delaware.

Furthermore, I point out that the amendment of the Senator from Delaware would, if adopted and enacted into law, bring about a recession. Certainly this is the time to continue the depletion allowance, so as to maintain the present economy.

Mr. BARRETT. I thank the Senator from Kansas.

Mr. NEELY. Mr. President, if the distinguished Senator from Wyoming has not seen a recent article by H. J. Struth, regarding the matter before the Senate, I should like to read a paragraph of it into the RECORD at this point.

Mr. BARRETT. I shall be glad to have the Senator from West Virginia do so.

Mr. NEELY. Mr. President, let me read as follows:

That the search for oil is a highly expensive game is evident from the fact that the average wildcat oil well drilled last year involved a cost, including overhead, of $149,600. Even more startling is the fact that it was necessary to drill 6.6 holes to find 1 wildcat oil producer, and the combined costs of these amounted to $733,680. In 1953, the oil industry drilled 11,436 wildcat wells, of which only 1,723 were credited with the discovery of oil, while 347 came in as gas producers. The experience last year was 82 dry holes out of every 100 wildcat wells drilled.

Drilling costs have described a phenomenal upward spiral since the prewar period 1936–40. Today, expenditures for drilling and equipping exploratory wells are 17½ times the sum recorded in prewar days. Direct drilling costs in 1953 aggregated $1,442,000,000, compared with $82 million annually during the years 1936–40. The total cost of all types of exploratory wells now amounts to $107,940 each, compared with a prewar average cost of $43,468.

Mr. President, the entire article supports all that the able Senator from Wyoming has said about the increasing cost of production.

Mr. BARRETT. I thank the Senator from West Virginia.

Mr. President, in conclusion I wish to say that I hope the amendment of the Senator from Delaware will be rejected.

Mr. LEHMAN rose.

The PRESIDING OFFICER. For what purpose does the Senator from New York rise?

Mr. LEHMAN. I wish to address the Senate for approximately 8 minutes.

The PRESIDING OFFICER. The time of the Senator from Wyoming has expired.

Mr. LEHMAN. I wish to ask the Senator from Delaware whether he will yield to me for approximately 8 minutes.

Mr. WILLIAMS. Before yielding to the Senator from New York, I should like to reply to the arguments just made. It has been stated that if the amendment is adopted, it will upset the Nation's economy to such an extent that the Nation might again go into a widespread depression. In that connection I wish to point out that since the depletion allowance was put into effect in 1926, the Nation has experienced the greatest depression in its history. Certainly the depletion allowance did not prevent that. So I do not think there is any justification for believing that this amendment, if adopted, would now cause such a situation.

Furthermore, we should realize that oil developments are worldwide in scope, and by continuing the depletion allowance we are giving an added attraction for the development of oil anywhere in the world, including in areas that unquestionably would be promptly taken over by Communist aggression. Very few people realize that this 27½-percent depletion allowance is applicable to all foreign operations.

Mr. LEHMAN. Mr. President, at this time will the Senator from Delaware yield 8 minutes to me?

Mr. WILLIAMS. I have previously agreed to yield several minutes to other Senators. Therefore, at this time I yield 5 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 5 minutes, in the time of the Senator from Delaware.

Mr. LEHMAN. Mr. President, I am very glad to be a cosponsor of the amendment. Previously I have submitted an amendment substantially similar to this one.

Mr. President, ever since I came to the Senate, 5 years ago, I have been opposed to such an unreasonable depletion allowance. Today we are told that the oil industry is a speculative one. It is true that it is speculative in some degree, insofar as wildcatting is concerned. On the other hand, the industry is no longer a speculative one, insofar as the great oil companies are concerned. Today the companies or the drillers are permitted to write off the cost of every dry hole they drill or the cost of every other failure that occurs in connection with the development of a potential oil well. Of course, a similar privilege is given to all other industries. However, in addition to that privilege—and I point out that that deduction is a perfectly reasonable one to allow them to make—the oil companies are permitted to have a depletion allowance of 27½ percent of the gross value of the oil that is produced.

Furthermore, that allowance is not granted for a limited period; it is not limited to the period required in order to write off the cost of drilling a producing well. On the contrary, that allowance goes on forever; it is without limit. It may continue for 100 years, or whatever may be the life of the well; and of course that is multiplied, in the case of the larger companies, with regard to all their production.

I stated a few moments ago that today the oil industry is no longer speculative. I remember that as recently as 10 years ago we looked upon the oil industry as being a highly speculative industry. Today it has become a scientific development, with a steady flow of profits and earnings. I suppose the flow of profits and earnings is more steady than is the case with the great majority of other industries. It has been an increasingly prosperous industry for the past 8 or 10 years, in the case of almost every company. Earnings have steadily increased. I wish to refer to the earnings of some of the great companies today:

In 1952 Standard Oil Company of New Jersey earned, before income taxes—and all my figures are before income taxes—$902 million. In 1953 it earned $975 million.

Gulf Oil Corp. earned $273 million in 1952; in 1953, $306 million.

The Texas Co. earned $237 million in 1952 and $254 million in 1953.

In 1952 Standard Oil Company of California earned $217 million; and in 1953, $256 million.

Socony-Vacuum Oil Co., Inc., earned $232 million in 1952 and $256 million in 1953.

Tide Water Associated Oil Co. earned $39.4 million in 1952 and $43.5 million in 1953.

Sinclair Oil Corp. earned $100 million in 1952 and approximately the same amount in 1953.

The Shell Oil Co. earned $150 million in 1952 and $187 million in 1953.

The figures which I have submitted to the Senate certainly do not indicate that

these companies need any further grants or subventions from the Government. They are receiving subventions. So far as I know, no other industry is granted a perpetual depletion allowance of 27½ percent. I emphasized the fact that it is perpetual. It is not merely for 2 years. It will go on forever.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. LEHMAN. Mr. President, will the Senator from Delaware yield me 1 minute more?

Mr. WILLIAMS. I yield 1 minute more to the Senator from New York.

Mr. LEHMAN. I point out that the depletion allowance is perpetual. It is not for a limited period. Again, I point out that this industry is ever growing in volume and profits. It is an industry in which today, in my opinion—and I think it can be clearly proved—the risk is less than in many other industries. Yet we grant to that industry a permanent perpetual depletion allowance of 27½ percent.

We are not asking that the depletion allowance be wiped out. All we are asking is that it be reduced from 27½ to 15 percent.

Mr. LONG. Mr. President, will the Senator from Colorado yield me 2 minutes?

Mr. MILLIKIN. I yield 2 minutes to the Senator from Louisiana.

Mr. LONG. Mr. President, I shall vote against this amendment. It seems to me the sponsors of the amendment overlook the fact that there are more than the major oil companies in the oil and gas business. There are a large number of small operators. Invariably, of course, they are greatly in the majority. It is true that there are some of the large companies which are in a position to cushion their losses against the continued drilling program but, on the other hand, it will be found that the average independent operator is not able to take a great number of risks. If he undertakes to drill a well to discover a large quantity of oil, nowadays it is necessary to go very deep.

Many such wells cost as much as $100,000, and sometimes—particularly with regard to tidelands wells—as much as $3 million. When a person undertakes that sort of risk, involving perhaps as much as he can possibly afford, if he is unable to find oil or gas, he is not able to try again. The depletion allowance is an attempt to offset the risk factor. It is a necessity that there be a tax adjustment for this type of situation in order that the risk factor may be considered and compensated.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. LONG. Mr. President, will the Senator from Colorado yield me 2 more minutes?

The PRESIDING OFFICER. Does the Senator from Colorado yield additional time?

Mr. MILLIKIN. I yield 2 more minutes to the Senator from Louisiana.

Mr. LONG. My understanding of the manner in which the proposal for a 27½ percent depletion allowance arose is that it was found that over a period of time, if one attempts to drill new wells, about 27½ percent of the attempts to drill wells are unsuccessful. Based upon that calculation, it was felt that that would be the proper depletion allowance to offset the risk factor when wells go dry and one attempts to drill new wells.

Based upon the experience we have had, we have found that the oil and gas industry has grown. It has served us well. It has provided for our needs to a greater extent than has any other nation in the world. I see no reason to believe that the 15-percent allowance proposed by the Senator from Delaware would be any more appropriate or any more in line with the needs of the industry than the 27½-percent allowance.

In addition, there is the fact that the Senate Finance Committee, and also the House Ways and Means Committee, have seen fit to increase the depletion allowance for other minerals and resources, in order to encourage their development. If the committees were wise in doing so—and I believe they were wise in increasing the percentage depletion allowance for various other minerals and natural resources to encourage development—it would be out of keeping with the wisdom and judgment of the committees for us at this time to attempt to reduce the depletion allowance for oil and gas.

Mr. SCHOEPPEL. Mr. President, will the Senator from Colorado yield me 4 minutes?

Mr. MILLIKIN. I yield 4 minutes to the Senator from Kansas.

Mr. SCHOEPPEL. Mr. President, I am compelled to vote against the Williams amendment.

While I think I know something about the oil and gas production in the great Mid-Continent area and in other sections of the country adjacent to my State, I wish to say a few things about the industry in the State of Kansas, which is one of the large oil-producing States. It does not compare with Texas, Louisiana, and Oklahoma, but there have been times in the past, in the early part of the development, when it was in that class.

Mr. President, Congress has repeatedly and exhaustively analyzed those phases of our tax law which have to do with the sound recognition in Federal taxation, of the factor of depletion of oil and gas resources.

This analysis has occurred over a period of more than 40 years, since the problem first came before Congress. Successive Congresses since 1926 have carefully weighed the facts and chosen to leave the current 27½ percent figure, as it applies to oil and gas depletion, undisturbed.

Thus the 27½ percent figure, as it now stands, has the approval of thousands of Members of Congress over the period of its existence. The testimony on which this approval is based fills several thousands of printed pages. The oil industry has always been ready and willing to appear before congressional committees to give such committeees the full benefit of its experience.

Yet in 1954, as in many previous years, it has been proposed by critics of the oil industry, that this figure be reduced. Truly, this proposal is a hardy perennial.

It is good that depletion has been so thoroughly reviewed. As it now stands, this provision is the product of two generations of legislative study and administrative refinement. A realistic concept of depletion is thus well-established. It has stood the test of years of study and criticism and has demonstrated its value to the Nation in a tangible fashion through the demonstrable health and vigor of the American oil industry, as compared with that of oil industries in other nations.

The American oil industry has not always been as virile as it is today. It has grown and contributed increasingly to our Nation's economic welfare and to its national security over a period of many years. This contribution was strikingly dramatized during World War II. Depletion has been a key factor in the steady growth of this vital industry.

When critics of the oil industry sharpen their knives to cut depletion, I am always tempted to remind them of a piece of philosophy I heard in my youth. I refer to the saying that "It is a wise man who knows enough to leave well enough alone."

Depletion is historically sound. It works well enough. It should be left alone.

The principle of depletion has its roots planted deeply in constitutional soil. It evolved as a result of the 16th amendment to our Constitution, more than 40 years ago. This amendment, it will be recalled, empowered the Congress to levy certain taxes on income.

The previously adopted fifth amendment to the Constitution, however, forbade that a citizen be deprived of property without due process of law.

Therefore, in cases where the sale of products involved both a diminution of capital and an addition to income, there were obvious and fundamental conflicts. This was often the case in the so-called extractive industries, such as oil.

This situation was first met through the recognition of depletion as a deduction from gross income in the Revenue Act of 1913. For the next 13 years, the subject was carefuly studied, and the mode of taxation was painstakingly revised, until the present method was adopted in 1926, as a result of the most extensive review made of the subject up to that date.

It is obvious, therefore, that the present principle of depletion has been the product of careful evolution. The current 27½ percent figure has now been in effect for 28 years. During that time, the oil industry has become the essential contributor to the Nation's economy and security that it is today.

My own State of Kansas has contributed much to the industry's growth. The citizens of Kansas are fully cognizant of depletion's role in the progress of the industry there.

Take the period from 1926 to 1954, which parallels the existence of the present method of figuring depletion.

In 1926, Kansas produced an average of only 114,000 barrels of oil per day. By 1953, it had almost tripled this production, reaching an average total daily production of 316,000. This production came from 33,314 wells, as compared with only 19,230 wells in 1926. Total wells drilled in my State reached an all-time high of 4,451 in 1953, as compared with only 2,338 in 1926, the year when the present method of figuring depletion was adopted. Within the next few years, reserves of crude oil in Kansas alone may approach the billion-barrel mark. At the end of 1953, they stood at a record level of more than 913 million barrels.

The value of crude oil produced in Kansas last year was also at an all-time high, totaling $308,870,000. The most spectacular growth of all has occurred in the natural gas industry, where production has risen from only 38,095 million cubic feet in 1926, to more than 425,000 million cubic feet last year. This more than tenfold increase offers a particularly dramatic example of the fact that the oil industry in Kansas is still growing steadily.

Thus, all-time records were set in Kansas last year in number of wells drilled; total number of producing wells; crude oil reserves; barrels of crude oil produced; dollars worth of crude oil produced and in production of natural gas.

Today, 80 of the 105 counties in Kansas produce oil. Only four States in the Nation—Texas, California, Louisiana, and Oklahoma—produce more oil than Kansas. Over a third of the acreage in Kansas is either productive of oil, or under lease. In 1953, when more than $300 million worth of oil was produced in my State, it brought the overall dollar value of crude oil produced in Kansas down through the years to more than $4,200,000,000. The dollars received from Kansas oil last year constituted 84.4 percent of the total value of the minerals produced there.

The producing phase of the industry alone employs more than 15,000 people. It is obvious, therefore, that the petroleum industry exercises a vital impact on the economy of Kansas.

Despite the exterior appearance of robust health, however, the oil industry in Kansas is by no means indestructible. It is my fear, in fact, that a reduction of percentage depletion would prove to be the instrument for the oil industry's rapid decline in my State.

Here are some of the factors which cause me to make that statement. Kansas is a State where the production of oil is marginal. About 99 percent of the wells in Kansas were operated by pump or artificial lifting, as of January 1, 1954. The average oil well in Kansas in 1953 produced only 9 barrels of oil per day. Some 85 percent of the wildcat wells drilled in Kansas last year were dry.

It is clear to me that such marginal production of oil, discovered at such great risk, and developed at steadily increasing costs, could not withstand the removal of the one constant on which the industry has been able to rely over a period of many years. A reduction in depletion would inevitably result in substantial injury to one of my State's most vital industries.

Kansas is a State where many small independent operators engage in the search for oil. It is known as one of the greatest independent oil-producing States in the United States. Considering the relative areas of the respective States, it is not even surpassed by Texas in that respect. Its present vigor is due to the efforts of such independents. It is clear that a change in depletion would affect marginal operations most directly. Independent, marginal operations are characteristic of the oil industry in my State. I would resist to the fullest extent any attempt to impair the continued growth of such operations. Such operations are needed in order to protect the future reserves. I feel that they are essential both to my Nation and to my State. For Kansas is not alone in being proud of the growth of its oil production.

In oil-producing States all over the Nation, a similar steady growth has occurred. Since the present depletion figure was adopted, in 1926, oil has been discovered in Alabama, Florida, Mississippi, Missouri, Nebraska, North Dakota, Utah, Virginia, South Dakota, Nevada and Arizona. Thus, 11 new States have discovered oil in the 28 years since the present provisions were made a part of tax law, as compared with the 19 States in which oil was discovered in the industry's entire previous history of 67 years.

It is quite reasonable to say that oil production would probably not exist today in some of the 11 States mentioned above, were it not for depletion. It is similarly reasonable to say that if depletion is retained at its present level, oil will be found in several of the 18 States which do not produce oil at the present time.

The depletion allowance is one of the greatest incentives for the independent operator. We can talk all we please about the integrated large companies, but we will find that the small independent and wildcatter is the man who risks his capital and who benefits by this kind of aid and assistance, which has built up the oil reserves of the Nation.

Mr. President, in the interest of conserving time—I have been allowed only 4 minutes to speak—I ask unanimous consent that the remainder of my statement, which I intended to make on this subject, be printed at this point in the Record as a part of my remarks.

There being no objection, the remainder of Mr. SCHOEPPEL's statement was ordered to be printed in the Record, as follows:

Oil has helped us become a nation on wheels. No other nation on the face of the earth could successfully prosecute a full-scale war, and, at the same time, operate a mechanized civilian economy. Depletion has played a key role in making this possible.

Today, the American oil industry is a source of justifiable pride to every citizen.

Oil is found in 30 of our 48 States. Last year, more than $6,300,000,000 worth of crude oil was produced in this country. This made oil a more valuable mineral, in terms of dollar value, than the rest of the Nation's mineral production put together.

More than 290,000 people were employed in just the production phase of the industry. Many more people were employed as an indirect result of oil production.

More than 2,300,000,000 barrels of crude oil were produced last year from just over a half-million oil wells. Coincident with this high production, the Nation's reserves of petroleum grew to a record 34,382,750,000 barrels by January 1, 1954. At the first of the year, nearly 5,000 drilling rigs were being employed in the search for additional reserves of oil.

Oil is a big industry. It takes a big industry to supply an ever-increasing national consumption and still maintain a strong productive capacity for purposes of defense.

Oil has contributed much to the national defense. Without it, our mechanized army would become immobile.

When we entered World War II, we did so with about four times the oil and gas reserves that we had at the end of the First World War. The adoption of wise depletion provisions was one of the chief reasons for our readiness in oil.

It is well that we had such reserves. No other Army in history was as completely mechanized as the one which wiped the Fascists, the Nazis, and the oriental warlords from the earth. Yet even with our Army on wheels, it took us more than 3 years to win World War II. How much more important is oil in an era when the giant Russian bear stands with one foot poised in China and the other planted in Western Europe?

The importance of petroleum has not been lessened by the advent of the atomic age. It has been increased. We must, as a Nation, take those steps which are necessary to assure that our Armed Services be not only mechanized, but equipped with the fuels and lubricants which can move such machines into instant and effective action.

Petroleum reserves for national security are like savings that you put in a bank for personal security. They never mean quite as much as they do when you are confronted with a real emergency and don't have them. Depletion has played an important part in the creation of savings deposits of petroleum. It has done this by allaying some of the uncertainty which has resulted from increasing risk and cost factors in the production of oil. It has been a constant factor in the midst of confusion and uncertainty.

Let me explain what I mean by increasing risk and cost factors. First, let's look at these risk factors. In this regard, I would like to quote testimony by Mr. Russell B. Brown, general counsel, Independent Petroleum Association of America, before the House Ways and Means Committee, March 6, 1951. Speaking of the oil operator and his concern with the aforementioned risk factors, Mr. Brown said:

"He is the fellow who has found most of the oil that has enabled our country to grow in time of peace and to survive in time of war.

"He has done this in spite of the fact that, out of every 9 wildcat wells that he drills, 8 turn out to be dry holes—no oil. Only 1 out of the 9 is a producer. And even that doesn't indicate the real odds involved, because that 1 well out of 9 is more likely than not to turn out to be a small and often unprofitable field.

"The most recent reliable statistics show that 1 out of every 53 wildcat wells finds new oil reserves equivalent to national demand for as much as 2 days. One out of 330 wells finds new oil equal to United States demand for as long as a week. And, 1 out of 991 has enough new oil to match more than a week's consumption.

"This gives an idea of how difficult it is today to find the larger fields which we must find if we are to keep on having enough oil. It indicates how important it is to have a tax law which makes it possible for the oil

man to continue taking the risks which he must take if he is to find that oil."

The factor of increasing costs is also important. A recent study by the Cost Study Committee of the Independent Petroleum Association of America reveals that the industry's costs have increased about twice as fast as its revenue for the past 5 years.

Even more interesting is the finding by that same committee that the industry's expenditures for finding and developing crude petroleum in 1953 were nearly seven times as high as in 1926, the year when percentage depletion was adopted by the Congress. Total revenue increased only 4.3 times over the same period, indicating a reduction in the industry's margin of profit.

From the consumer's standpoint, wholesale prices of petroleum rose only 15 percent over the period, while the wholesale prices of all commodities other than food and farm products rose 59.9 percent, almost four times as much.

Depletion was a key reason for the industry's ability to withstand increasing risks; absorb increasing costs and still maintain its prices at practically the same level as those of a quarter of a century ago.

In this regard, it is reasonable to say that a change in depletion would affect the future supply of oil and exert an inevitable and unfavorable effect on the price which the consumer pays for the products of crude oil. For this reason, as well as for the fact that both our national security and consumer interest demand adequate future oil reserves, we should make no change in this provision of our tax law.

It should also be pointed out that the oil industry, the most hazardous of all industries, pays its part of the taxes. Government statistics show that the oil-producing industry pays more taxes per dollar of sales than the average of all industries.

If the oil industry pays its fair share of taxes; if the price of petroleum shows at least as reasonable a pattern of behavior as prices of other commodities; if petroleum has so recently fueled us through victory in a major war and still left us a nation on wheels; if the Congress has approved the present system of depletion for 28 consecutive years and if the industry is faced with growing risk and cost factors, why then do we hear this frenetic furore to reduce depletion?

The answer, I think, is simple. Many of those who call for such a reduction have not studied the reasons for its existence in the first place. They do not know, or want to know, whether it works, or, if so, how it works. They have not examined the reasoning which went into the development of the concept of depletion as it now exists.

They would prefer to use criticism of depletion as a means of furthering their own aims.

To attempt to mislead the consuming public into thinking that depletion is a tax avoidance, or that it results in harm to the consumer, is to speak in contradiction of the facts cited above. If the public is an able judge of such tactics, and I think it is, this technique will not be successful.

I urge that we consider this matter in the twin lights of logic and history. Depletion has been successful, and I for one do not choose to argue with success. If I were one of the constantly carping critics of these provisions, I would weigh my motives carefully, to see if my actions were based on carefully developed facts or cleverly conceived fallacies.

I ask that the Senate approve the recommendation of the Finance Committee that the depletion provisions of tax law, as they relate to oil and gas, remain unchanged, as they have for almost three decades.

Mr. MILLIKIN. Mr. President, I yield 3 minutes to the Senator from Mississippi [Mr. STENNIS].

Mr. STENNIS. Mr. President, in opposition to the amendment, I point out that in my State of Mississippi the independent oil drillers drilled for 20 years before they found a drop of oil. It was a very small field where oil was discovered in 1939, and oil drilling was confined to a very small area. During the 20 years before gas and oil were discovered in Mississippi there were literally hundreds and hundreds of wells drilled in the State; and since gas and oil have been discovered there have been literally hundreds of dry wells drilled in many areas of the State.

However, from a series of small fields in different parts of the State, in the north, east, south, and west, Mississippi has gradually become the second largest producing State east of the Mississippi River and the ninth largest in the Nation as a whole. This has been largely due to the efforts of independents and wildcatters whom the Senator from Kansas [Mr. SCHOEPPEL] mentioned.

The large companies perhaps can absorb a large part of the tremendous expenses, which sometimes run to more than $100,000 a well, but the men who really bring in the oil and bring it to the top of the ground and put it in the market place are the independents and the wildcatters who go forth and find oil where it is said there is no oil. We were told for 80 years that there was no oil in Mississippi. After oil was found the first time it was said, "Well, it is confined to this small area." However, the independents kept pecking and pulling and digging and spending millions of dollars. Therefore the depletion allowance is not a preference treatment to some particular industry. If it were, I would not favor it. I know from years of experience in my State that some kind of allowance—and more than merely a small allowance—is absolutely indispensable for the development of this industry. Without it I do not believe we would have a commercial oil well or gas well in Mississippi today.

Mr. MILLIKIN. Mr. President, I yield 5 minutes to the Senator from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. President, I have not always seen eye to eye with the oil industry, which is one of the larger industries in my State of Oklahoma. I voted against the tidelands oil bill, and I voted against legislating a price increase for oil during the OPA days. I found myself in disagreement with the oil industry and the oil fraternity in my home State. However, one thing I do know and that is that if we intend to have an oil industry which will produce the ever-increasing quantity of oil we must have in America for civilian use and for future military supply, a radical change such as this amendment proposes in the depletion allowance will forestall the growing and never-ending search for oil.

I believe that one of the reasons we have difficulty with the depletion allowance is that it is not clearly understood by those who live outside the oil-producing areas.

My dear friend, my good friend, my seat mate, the Senator from New York [Mr. LEHMAN], in his remarks, spoke about a permanent and perpetual depletion.

I know a little bit about the oil business. The cycle of an oil well, from the time it is first discovered, through the big flush production, to the time it goes on the pump is about 5 years. It makes big money the first year, but each following year the income declines, until it is on the pump as only a stripper well, at the end of 5 years. We allow 27½ percent depletion allowance to take care of that exhaustion. If there is no income worth mentioning from the stripper well, then there is no depletion. That is so because 27½ percent of nothing is still nothing. It is impossible to get money out of oil that is not there. Therefore the depletion allowance washes itself out largely over the cycle of 5 years, so far as flush production is concerned.

Mr. President, we are inclined to look at the oil giants of Texas and at the great oil corporations. However, let me say to my friends in the Senate that oil is found by the small independents. The small independent discovers the oil and then sells it, after his discovery, to the large corporation or to the large operator, and the price the small independent gets when he sells the oil to the big operator reflects the 27½ percent depletion allowance.

Someone has said, "I am becoming tired of these oil giants going into all the States and working for the defeat of Members of the Senate who do not vote the way the giants think they should vote." I do not like that process either.

If this amendment would correct that situation I might be inclined to vote for it. But it should be remembered that the very men who make millions of dollars out of the oil business will profit by the adoption of the amendment, because they will be able to buy up on the bankrupt counter the wreckage of the independents. The big operators have the cash and the independents would have to liquidate, because their bank credit would not be available for future operations.

To reduce the depletion allowance would undoubtedly wipe out the bank financing of all the small and modest-sized oil operators in the mid-continent area. The bank knows that it can get its money back for a $250,000 or $300,000 oil well that is drilled. It is a speculative proposition. If the banks realized that only 15 percent depletion would be allowed to be written off on the capital investment from the bank loan, the banks would virtually go out of the oil-financing business, and we would have nothing left but the giants.

This is not just a big man's game. The small farmer who leases his acreage and the little savings account that gets the royalty are benefited by the 27½ percent depletion allowance and the value of oil properties is reflected at the small level because of this historic and time-honored—of some 26 to 28 years—foundation stone of the oil industry.

It would seem to me that we should ask two questions. The first question is: Does the present depletion allowance bring about new discoveries, and supply the oil which in the event of a war the

Nation would need? The answer to that question is "Yes." The second question is: Does it supply income which Uncle Sam can tax? The answer is "Yes." Without the depletion allowance we would not have the oil reserves and the oil production which is subject to taxation; we would have to depend largely on overseas production and would not each year bring in a new source of taxable revenue.

In closing, I should like to make one more point. If we do not continue the depletion allowance we will lose the stripper well operation. More than 4 billion barrels of oil are produced by stripper wells—1 or 2 barrels a day—and those wells will go out of production because they will no longer be economically sound to operate, and that oil will be lost to America forever.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. ANDERSON. Mr. President, will the Senator from Colorado yield me 5 minutes?

Mr. MILLIKIN. Mr. President, I yield 5 minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 5 minutes.

Mr. ANDERSON. Mr. President, the senior Senators from Delaware and Vermont have proposed an amendment to the tax bill, H. R. 8300, which would reduce the figure used in tax determination of depletion in the oil and gas industries, from 27½ to 15 percent.

It is with regret that I find myself in opposition to these two able Senators. I admire and respect them both greatly.

However, in this instance, I find myself firmly opposed to the proposed amendment. I am from an oil-producing State, and I have had an excellent opportunity to observe the industry's sound and stable contribution to New Mexico's economy.

Few people realize that my State ranks sixth among the Nation's oil-producing States. Last year, the estimated value of petroleum and natural gas production there was $223,700,000.

Thus, it is apparent that oil production is a vital part of the New Mexican economy. Few, if any, States have seen the industry grow as rapidly as it has there. Depletion's role in that growth has been to assure fair tax recognition of the unique factors inherent in the production of oil.

Because the history of the industry in New Mexico almost exactly parallels that of the 27½ percent figure which currently is used in figuring depletion, my State offers a particularly good case in point of the need for fair tax treatments for a vital industry.

Only 8 of New Mexico's 31 counties are currently producing oil. We are hopeful, however, that other counties will become productive of oil in the coming years. A reduction of depletion would, without doubt, diminish that possibility. I am wholeheartedly opposed to anything which would lead to restricted incentive to search for oil in my State. Oil is important to my State's economy, and is, in addition, a highly important factor in the national picture.

As of the first of the year, after only 30 years of oil production, New Mexico had produced $1,332,665,000 worth of oil. Last year money from oil production constituted more than 60 percent of the value of the State's mineral production. In a State such as mine, not blessed with some of the production-line industries found in other parts of the country, oil is vital to the economy.

More than 9,000 people are directly employed in my State in the production of oil and natural gas. Many more are indirectly employed. My State's population, while less than that of older States, is steadily increasing. I am opposed to any proposal which would result in a restricted opportunity for employment in New Mexico. I feel that a reduction of depletion would inevitably tend to result in such a restriction.

I would prefer that the industry continue to grow, and I feel that this represents the feeling of the citizens of my State. It has grown as is indicated by the fact that New Mexico's 1953 crude oil production of 70,394,000 barrels was the highest in its history. Since oil was first discovered in 1924, the State has produced more than 850 million barrels of crude oil. At the end of last year, New Mexico had 7,250 producing oil wells.

These wells are adding steadily to the State's petroleum reserve, which in turn, is available to consumers in far-flung areas. Over 150 million barrels of new crude oil reserves were found in New Mexico in 1953, bringing the State's total reserves to 814,902,000 barrels. When natural gas liquids are added to this total, New Mexico's reserves go well above the billion-barrel mark. This potential energy is for sale to the consumers of the Nation, and is an all-important potential contribution to the Nation's defense. It was found with the aid of wise tax factors as applied to oil and gas production. The additional reserves which are needed for defense will be found only if such wise recognition is maintained.

It is not as easy to find oil as critics of depletion would have us believe. In New Mexico, for example, about three-fourths of the 168 wildcat wells drilled last year were dry holes. Wise congressional recognition of depletion, in our tax laws, helped to reduce the impact of such costly failures. It did not, by any means, prevent many of those who put their money into such ventures from going broke. Such are the hazards of the industry.

Only 8 or 9 days ago I was in the great San Juan oilfield in New Mexico, which is 45 miles wide and 70 miles long. It has been developed in the past 3 or 4 years. It would never have been explored without the depletion factor. One of the best operators in my State is gambling $3 million on a giant project there. Thus far he has three dry holes as the result of his endeavor, yet every inch of the ground was carefully seismographed.

I wish to commend the Senator from Oklahoma [Mr. MONRONEY] who pointed out that if we eliminate the depletion allowance we may change the financial situation of many small operators and throw them out of business and into the hands of very large operators.

I am convinced that depletion has been a factor in the growth of the industry in New Mexico. I believe that it has also had much to do with the emergence of the entire Rocky Mountain area as an important contributor to national oil production.

Such States as Colorado, Montana, North Dakota, Utah, Wyoming, South Dakota, Nevada, and Arizona possess the promise of substantial oil production in the coming years. We should avoid, at all costs, any restriction of the incentive to fully develop the resources of these States, which, like mine, cannot yet fully rely on production-line industries as a primary factor in their economic growth.

It is also important to remember that three of the aforementioned States—South Dakota, Nevada, and Arizona—have come into oil production since 1952. The incentive to further explore for oil in new States is closely tied to wise recognition of depletion in our tax laws. Today oil is found in all but 18 of our States. If a sound depletion figure is retained, oil will some day be found in some of those States. To deliberately lessen this possibility seems unwise.

In weighing the necessity of the depletion factor it is important to consider and keep in mind the nature of the business of exploring for and developing oil reserves. To begin with, it is a long-term operation. Initial leasing and exploratory efforts must be launched and financed 5 to 10 years or more before production is obtained. During that interim when all is outlay and no income, many obstacles must be overcome.

The finding of oil involves a very methodical and technical search. Oil has now been discovered in some quantity in most of the States of the Union. This is no indication that oil is easy to find. It does indicate that a vast effort is continuously in operation. Oil occurs in hard rock formations, not in the oil pool so often referred to. It is found at depths from a few hundred feet to more than 3 miles. The trend is for deeper and deeper wells. This means higher and higher costs.

The search for oil begins with a general survey of large areas which may cover hundreds of square miles. These surveys may be entirely negative or they may indicate—but only indicate—a condition favorable to oil. If that is true then a more intensive testing of the smaller favorable area with seismograph and core drilling will be conducted. These studies will give a more accurate picture of the geological formations and may or may not indicate the advisability of actually drilling a test well.

So far the oil operator has merely been endeavoring to find a site on which to build his factory—that is, his well. He would have spent thousands of dollars and still not have found a favorable site or location to drill. But assuming he is lucky then his job has just begun.

The oil operator must now undertake the time-consuming and expensive process of obtaining leases from the landowners in the area. Leasing involves

immediate bonuses to landowners and annual rentals for the duration of the lease—yet even after this has been accomplished the oil explorer has no assurance of discovering oil. In fact the odds are stacked against him. Long experience of the industry as a whole shows that only 1 out of 9 wildcat or exploratory wells is a producer. Eight of the nine wells will be failures, with all the investment lost. Each of these test wells will cost thousands of dollars, sometimes $250,000 or more, and averaging over $100,000. The 1 success must pay for the 8 failures.

The depletion provision of the tax laws is a vital economic factor in the makeup of the oil industry. It can be changed but to do so will force a major readjustment of the economy of the industry. The oil operator would be faced with a new set of rules. Inevitably he would hesitate and wait. In the meantime, the search for oil would slow down. The economy of the oil communities and the oil-producing States would suffer. Our national vigor would be weakened. Our peacetime energy requirements, more than 60 percent of which are now supplied by oil and gas, would be jeopardized. But most important, particularly at this time of international uncertainty, would be the effect upon the national security.

The importance of oil for security was recognized by Congress during World War I. At that time, as a result of the congressional studies of the problem of adequate oil supplies, it was recognized that the peculiarities of the oil industry must be given recognition in our tax laws. This led to the adoption of the present method of treatment of oil and gas depletion.

The wisdom of Congress in adopting percentage depletion is demonstrated by the record of results. In 1918, following the First World War, known oil reserves were about 6 billion barrels. In 1926 when the 27½-percent factor was adopted reserves were 8½ billion barrels. Today petroleum reserves stand at an all-time high of over 34 billion barrels. And in the meantime, our consumption has increased rapidly, being five or six times that of 1918.

We know that oil is a vital munition of war. It is a prime factor. A strong domestic industry is one of the greatest deterrents of war. We must maintain its growth. Despite the rapid growth of the industry it has been barely able to keep pace with our expanding use of petroleum.

It does not seem wise to me to tamper with a system which has brought forth the vast expansion of our oil industry and has made oil available in adequate quantities to assure victory in two world wars. Remove the incentive or disturb the economics of the industry which is built around the tax treatment of depletion, and our domestic oil industry will hesitate and stagnate. We cannot permit this to happen. We cannot afford to take any action which will lessen the enormous effort that is absolutely essential to keep this Nation supplied with oil adequate for peace or war.

This is not a new problem which is presented for the consideration of this assemblage. It has been studied by the Senate, and by its companion body, the House, over and over again for many years. The result of such studies has been that the Congress has again and again endorsed the wisdom of the recognition of depletion. Since 1926, the 27½-percent figure has remained unchanged as the result of such studies, because the record shows it has done the job required.

The Finance Committee and the House Ways and Means Committee in considering the bill before us have given the problem their usual thorough attention. The House has passed the tax bill, without suggestion that oil and gas depletion be changed. Any change which this body might make would necessarily be impulsive. By contrast, the Finance Committee, or the agent of the Senate, has studied the question, and recommended that depletion for oil and gas remain unchanged. I am willing to accept its well-considered judgment.

I urge that the Senate reject the proposed amendment to reduce the depletion percentage factor.

Mr. MILLIKIN. Mr. President, I yield 5 minutes to the Senator from Texas [Mr. DANIEL].

Mr. DANIEL. Mr. President, I speak in opposition to the amendment by the Senator from Delaware which would decrease the depletion allowance on various ores and minerals.

Many of these minerals are of strategic importance to our national security. It is inconceivable that the Senate, without a complete hearing, would take action which might lessen the discovery and production of these essential resources.

The present figures on percentage depletion allowances were not pulled out of thin air. They were fixed by Congress after exhaustive hearings and full development of evidence. No change in these percentages should be seriously considered without again developing the evidence which will show whether they are too high or too low. We should not indulge in guesswork on a matter of such great importance to the economy and defense of the Nation.

Actually, if a comprehensive hearing were held, I am convinced that the weight of the evidence would show that certain of these percentage depletion allowances should be increased rather than decreased. I am sure that is true with reference to oil and gas. However, I would not advocate a change in either direction until the evidence is fully developed.

These percentage depletion allowances are based upon a recognition by Congress that natural resources in the ground constitute capital assets. Each ton or each barrel produced represents an exhaustible portion of the taxpayer's capital assets. Once exhausted, it cannot be replaced. It is the same as selling part of the land. Congress has recognized that capital should not be taxed. In sales of capital assets, only a percentage of the net profits are taxed, and that percentage may vary from 50 percent to 25 percent, according to the taxpayer's bracket.

In sales of oil and gas through monthly pipeline runs, the owner of this capital asset pays his tax on 72½ percent of the gross amount received for the sale. If the owner made an outright sale of his producing property, under the capital gains provision he would pay tax on only 50 percent or 25 percent of his net profit, depending upon his income bracket. This is the reason that a substantial cut in depletion allowance would cause many independent operators to make outright sales of their properties to major concerns rather than to operate and produce them as they are encouraged to do under present incentives.

INCENTIVE FOR NEW EXPLORATION

The principle of percentage depletion is in accordance with the well-established proposition that the tax laws should allow as a deduction for each year an amount which will be sufficient to enable the taxpayer to explore other locations and to find production equal to the amount which has been exhausted during the year. It permits the owner and producer to seek, discover, and replace the iron, coal, or oil he produces and sells each year with an equal quantity. At least, that is the purpose, and in 1926 a committee appointed by the Congress determined that approximately 30 percent of the value of each barrel of oil produced would be necessary to explore other locations and find enough oil to replace the amount sold. The figure of 27½ percent was finally settled upon and has been continued since 1926.

Any impartial fact-finding body today would be forced to conclude that the cost of finding oil has more than doubled in practically all locations and that a larger depletion allowance would be justified in order to enable producers to find and replace the capital exhausted each year by sales of oil and gas.

There are some here, of course, who read about great fortunes made in the oil business and judge that everyone in the business has been as fortunate and as successful as the few who are publicized. Full development of the evidence would show that this is not true. For every man who has become a millionaire in this risky business of discovering and producing oil, you will find a thousand who have lost money or who are now heavily indebted because of their operations.

Gen. Ernest O. Thompson, chairman of the Texas Railroad Commission, which is the oil and gas conservation agency in our State, is the world's outstanding authority on the production and conservation of oil and gas. In a statement before the House Ways and Means Committee last year General Thompson said:

> The search for oil is a hard one. New discovery or so-called wildcat wells are successful in only 1 out of 9 holes. Eight of nine efforts are failures—dry holes.
>
> The chances of finding even a very small oilfield are 1 in 16 tries. By a very small field, I mean one that would supply the United States with oil for only 4 hours.
>
> The chances of finding a small field are 1 in 53 tries. Such a field would supply the United States for 2 days.

As I stated before, the chances of hitting a major oilfield are 1 in 991. During 1952, the total number of exploratory wells drilled was 12,425, of which 10,090, or 81.2 percent, were dry holes. Six thousand six hundred and ninety-eight new field wildcats were drilled, of which 88.9 percent were dry holes. In 1952, for every new field discovery, it was necessary to drill 43,862 feet of hole. This, of course, because you had so many dry holes.

In the Appendix to the daily RECORD of April 15, 1954, the senior Senator from Texas inserted "The Story of a Wildcatter," an article by James A. Clark in the Houston Post concerning Jack W. Frazier, a typical independent wildcatter and producer of oil. Mr. Frazier drilled 50 dry holes before discovering his first oil field in 1939. In that year he made several excellent discoveries of new fields. However, in a 10-year period since 1939 he drilled 200 wildcat wells which were dry and made only 12 oil or gas discoveries, but none of the 12 produced enough to become a profitable investment. In fact, he lost over a quarter of a million dollars on the 12 discoveries and more than $2 million on the dry holes. The writer asked why he did not stop, and explains that the depletion allowance made it possible for him to use the money from his 1939 discoveries to continue his search for oil during the 10 fruitless years. I am glad to say that he was rewarded this year by making new discoveries which will not only recoup part of his losses and help pay his debts to the banks, but which provide essential new natural resources for the progress and security of the Nation during peacetime and in the event of war. If the depletion allowance had been 15 percent during all these years, as now advocated by the Senator from Delaware, Jack Frazier and thousands of other independent operators would not have been able to stay in this hazardous business of finding and producing oil. In this connection, General Thompson testified before the House Ways and Means Committee as follows:

Men venture in risky drilling largely because of the 27½ percent depletion allowance. Remove that incentive, and our domestic supply of oil will shrivel, and we will become, in my opinion, dependent upon foreign oil within a very short time. Come war, foreign oil, of course, could be denied us. Especially is this true of the great Persian Gulf area, the Middle East, Iraq, Iran, Saudi Arabia, Kuwait, and Bahrein Island, where they have discovered more than 64 billion barrels of oil. The production in that area has already gone up to 2,524,000 barrels of oil per day.

These great Middle East fields, gentlemen, lie under the very shadow of the Russian bear, right at the border. I have heard it testified in the committees of the Congress by high military officers that these oil fields could not be counted upon by us if war should come. Therefore, I urge the members of this committee not to change the 27½ percent depletion nor reduce it in any way. The system is working; it is producing the oil. It means national security.

We cannot afford to let anything happen that would lessen the incentive to hunt for oil in the United States.

WOULD RESULT IN LESS TAX REVENUE

I know that the chief interest of the Senator from Delaware is in producing additional revenues which are badly needed by the United States Treasury. Has it not occurred to him that revenues may be decreased rather than increased by reducing the depletion allowance? According to a letter from the Secretary of the Treasury dated April 22, 1954, and placed in the RECORD by Senator WILLIAMS on the same day, page 5408, past estimates of the direct revenue effects of this reduction in depletion allowance have been of the order of $200 million. However, the Secretary adds, "These estimates made no allowance for the indirect adverse effects which might arise from reduced activity or for other reasons." General Thompson testified that our tax revenues would be decreased by such action. In this connection, he told the House Ways and Means Committee:

When our oil reserves are increased, we add to our national income and, therefore, increase our tax revenue. We also, thereby, strengthen our military defenses. By this I mean that reducing depletion percentage would actually not increase the Government revenue. On the contrary, it would actually reduce incentive to hunt for oil and gas and would therefore bring in less revenue and weaken our national defense.

It is impossible in the few minutes allotted in this debate to give all of the arguments against this amendment which would decrease the percentage allowance on oil and gas. I must end by saying that the amendment should not be seriously considered by the Senate without the usual hearings having been held. Further, when hearings are held, I predict that the following findings will be made as to the results which could be expected from a reduction in the percentage depletion allowance on oil and gas:

First, the economy and national security would be greatly endangered by reducing the incentive for exploration and discovery of new fields.

Second, many independents and small "stripper well" operators would be forced to curtail operations or liquidate. Many would leave the business by selling to major concerns.

Third, total tax revenues would be decreased rather than increased by reducing the incentive for risking capital in the hazardous business of exploring, wildcatting, discovering and developing oil and gas reserves.

Fourth, the price of gasoline and other petroleum products would increase through added costs and scarcity.

Mr. President, if we are considering the consumer, we certainly should take into consideration the fact that the depletion allowance would help consumers who have to pay more for their finished product.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. DANIEL. Mr. President, may I have an additional half minute more time?

Mr. MILLIKIN. I yield a half minute to the Senator from Texas.

Mr. DANIEL. Fifth, reduction of the industry's payroll and dividends, thereby causing injury to thousands of individuals and reduction of their income subject to taxation.

Sixth, an upward adjustment is justified to encourage further development in the interest of the peacetime economy and national defense requirements.

Mr. President, I hope the Senate will defeat the amendment.

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

Mr. DANIEL. I yield.

Mr. MONRONEY. Would not the Senator say also that no industry is so heavily taxed at the State level, both in the production of the raw material and in the sale of subsequent products, as is oil?

Mr. DANIEL. I agree with the Senator from Oklahoma. For every millionaire one reads about in the oil business, there are at least a thousand who lose money or who owe the banks large sums of money because of their operations.

Mr. HUMPHREY. Mr. President——

The PRESIDING OFFICER. For what purpose does the Senator from Minnesota rise?

Mr. HUMPHREY. I desire to ask unanimous consent to offer several amendments.

The PRESIDING OFFICER. The Chair will state that if the Senator is offering amendments which are to be printed and to lie on the table, they may be received.

Mr. HUMPHREY. That is my purpose.

The PRESIDING OFFICER. Without objection, the amendments offered by the Senator from Minnesota will be received, printed, and will lie on the table.

Mr. HUMPHREY. I thank the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Colorado.

Mr. DOUGLAS. Mr. President, if the time has been exhausted on the pending amendment, I wish to call up my amendment to the Williams amendment.

The PRESIDING OFFICER. The Chair first wishes to ask whether Senators who are in control of the time desire to yield back the remainder of their time.

Mr. MILLIKIN. I should first like to inquire what is proposed by the amendment desired to be offered by the Senator from Illinois.

Mr. DOUGLAS. I have lying at the desk an amendment in the nature of a substitute for the amendment offered by the Senator from Delaware and the Senator from Vermont. When the debate on the amendment offered by the Senator from Delaware and the Senator from Vermont is concluded, I wish to offer my amendment, but I do not wish to do so until the debate on the pending amendment has been concluded.

Mr. MILLIKIN. So far as I am concerned, I am willing to yield back my time on the pending amendment.

Mr. WILLIAMS. I wish to take a few more minutes. I wondered if the Senator from Illinois intended to call up his amendment to my amendment. If so, it might be well to proceed with the consideration of his amendment.

The PRESIDING OFFICER. That cannot be done until the time on the pending amendment has expired.

Mr. AIKEN. Mr. President, will the Senator yield, so that I may ask once more for a yea-and-nay vote on the amendment?

Mr. WILLIAMS. I yield.

Mr. AIKEN. I was very much disappointed when the Senator from Delaware failed to obtain a sufficient show of hands to secure a yea-and-nay vote on his amendment. I saw a goodly number of hands raised on the Republican side, but when I looked toward the Democratic side, I thought it must be the middle of February because practically every Senator on that side of the aisle was sitting on his hands.

I was particularly disappointed when the junior Senator from Minnesota [Mr. HUMPHREY] did not raise his hand, knowing the crusader he is for causes of this kind.

I was terribly disappointed when the stolid young junior Senator from Louisiana [Mr. LONG] did not raise his hand, in order to go on record in the golden pages of the CONGRESSIONAL RECORD. In fact, there was hardly any Senator on the Democratic side who seemed to want to go on record.

I am wondering if they will not give us a yea-and-nay vote, so that some of us who have not made speeches on the subject may be enabled to have our names appear in the RECORD, and to show on which side we were on this momentous issue.

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

Mr. AIKEN. I yield if I have time.

Mr. NEELY. Mr. President, I remind the Senator from Vermont that I was one of the Democratic Members who held up his hand. I should like to have my vote on the amendment recorded.

Mr. AIKEN. I was almost swayed from my position by the impassioned appeal of the Senator from West Virginia, particularly when he stated how much this depletion allowance is needed. I know it is needed. It is needed in Louisiana, it is needed in Texas, and it is needed in Mississippi. It is needed also in Montana, Wyoming, Colorado, and Illinois. Oh, Mr. President, how it was needed in Maine.

So I would not take all the depletion allowance away. The amendment of the Senator from Delaware would reduce the depletion allowance some $300 million, but would still leave an allowance of nearly $400 million.

We might even adopt the George amendment if only we could get the $300 million and a little more from other parts of the bill. I know it is needed.

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

Mr. AIKEN. I yield.

Mr. NEELY. In view of the fact that the distinguished Senator from Vermont has said that I almost persuaded him, will he not recall the lines of the old revival hymn:

> Almost could not avail,
> Almost is but to fail,
> Sad, sad the bitter wail.

The Senator from Vermont is entreated to be wholly persuaded and vote against the Williams amendment, so that there will be no future bitter wail.

Mr. AIKEN. I should like the RECORD to show how I stand on the amendment. I ask again for a yea-and-nay vote.

Mr. HUMPHREY. Mr. President——

The PRESIDING OFFICER. The Senator from Vermont has requested the yeas and nays. Senators who desire the yeas and nays will raise their hands.

Mr. HUMPHREY. Mr. President——

The PRESIDING OFFICER. The time is under control. The Senator from Vermont has requested the yeas and nays.

Mr. HUMPHREY. Mr. President——

The PRESIDING OFFICER. Senators who desire the yeas and nays will raise their hands.

There is an insufficient number, and the request for the yeas and nays is denied.

Mr. HUMPHREY. Mr. President——

The PRESIDING OFFICER. For what purpose does the Senator from Minnesota rise?

Mr. HUMPHREY. I ask the distinguished Senator from Delaware if he will be kind enough to yield me 3 minutes.

Mr. WILLIAMS. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Delaware has 40 minutes remaining.

Mr. WILLIAMS. I yield 3 minutes to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I am rather surprised, I must say, and rather saddened, by the comments of my good friend, the distinguished senior Senator from Vermont. I may say to him that when the first request was made for the yeas and nays, one of the first hands to go up was that of the junior Senator from Minnesota.

Second, I may say to the Senator from Vermont that the junior Senator from Minnesota needs to speak on this amendment just about as much as he needs to repeat his name a thousand times in the Chamber.

Not only is the position of the junior Senator from Minnesota known with respect to the oil-depletion allowance, but it is known both by the oral word and by the printed word.

For example, I have in my hand a pamphlet entitled "Tax Loopholes," published under the aspices of the Public Affairs Institute, under the name of Senator HUBERT HUMPHREY, of Minnesota. If the Senator from Vermont wishes to get an education on the particular matter before the Senate, I suggest to him that he read the pamphlet.

Moreover, I should like to suggest to the Senator from Vermont that I wrote to the Senator from Delaware [Mr. WILLIAMS] at the time he presented his amendment and said that I would be more than happy to be a cosponsor of the amendment. I must say in all candor that I did not receive a note in reply stating that I could be privileged to be a cosponsor. So I am very happy that the Senator from Vermont has seen fit to single me out for some special consideration, even if I am surprised—and I must say very much surprised.

I have nothing more to say on this subject, because the position of the junior Senator from Minnesota is as well known as Ben Franklin's Almanac.

Mr. AIKEN. Mr. President, I wish to apologize to the junior Senator from Minnesota.

The PRESIDING OFFICER. Will the Senator from Vermont suspend until the Chair can have an understanding of the amount of time remaining?

Mr. WILLIAMS. Mr. President, I yield 2 minutes to the Senator from Vermont.

Mr. AIKEN. It may be that the Senator from Minnesota had raised his hand and then lowered it before I observed him. If he raised his hand—and I do not question his statement—he was 1 of about 3 Senators on the other side of the aisle who were joined with the Senator from Delaware and other Senators on this side of the aisle in asking for a yea-and-nay vote. I appreciate his courage and his judgment in the position which he has taken on this question.

But, Mr. President, I wish we could have a yea-and-nay vote, so that every Senator could make his position well known.

Mr. WILLIAMS. Mr. President, I yield myself 5 minutes.

I see no reason to delay the Senate in its action on this amendment. The issues are well known, and I think the Senate has pretty well made up its mind that it does not desire to have a record vote.

I merely wish to point out, in answer to one of the arguments made to the effect that there were no hearings on the amendment, that the argument does not stand. My amendment was submitted prior to the time any hearings were authorized on H. R. 8300 by the Senate Committee on Finance. At the time I offered the amendment and had it referred to the Committee on Finance, I stated on the floor of the Senate that the amendment would be offered in the committee, and that if I was not successful in the committee, I would offer the amendment on the floor. I stated that anyone who wished to testify on the subject should submit his testimony or should appear before the committee and testify.

There was only one statement filed with the Committee on Finance, of which I have any knowledge. If there were others, I would appreciate being corrected. That statement was filed by Paul E. Hadlick, general counsel of the National Oil Marketers Association, in which he enthusiastically endorsed the amendment of the Senator from Delaware and the Senator from Vermont, and urged, in the name of the independent oil marketers, that the amendment be adopted. He pointed out in his testimony the unfairness of this special tax credit for this industry and called our attention to how these accumulated tax-exempt earnings were being used to hurt small-business men in their field.

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

Mr. WILLIAMS. I yield to the Senator from Vermont.

Mr. AIKEN. Are the ones who employ him "little fellows"?

Mr. WILLIAMS. Yes, they are mostly small operators.

Mr. President, as to the argument that no hearings were held, I might say that, notwithstanding the fact that I did give notice of this particular amendment, no one saw fit to testify. On the other hand no notice was filed that there were going to be any amendments offered to the committee on the so-called strategic materials and many other materials. Yet there were 44 different changes made in the mineral depletion allowances, all of them increasing the various benefits. All of these changes were made without any word of hearings that I recall by the Senate Finance Committee.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a list of the changes by the Finance Committee along with the amount of revenue loss involved.

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

Percentage depletion rates for mines, wells, and other natural deposits under present law and Finance Committee amendments to H. R. 8300

Mineral	Finance Committee (percent)	Present rate (percent)	Estimate of revenue loss (millions of dollars)
Oil wells	27½	27½	0
Gas wells	27½	27½	0
Sulfur	23	23	0
Uranium	23	15	(1)
*Anorthosite (to the extent alumina and aluminum compounds are extracted therefrom).	23	5 (as stone)	(2)
*Asbestos	23	10	.3
*Bauxite	23	15	.4
*Beryl	23	15	(2)
*Celesite	23	15 (as metal mine)	0
*Chromite	23	do	.1
*Corundum	23	5 (as stone)	0
*Fluorspar	23	15	.6
*Graphite	23	15 (flake graphite)	(2)
*Ilmenite	23	15 (metal mine)	[3] .4
*Kyanite	23	5 (as stone)	(2)
*Mica	23	15	.1
*Quartz crystals (radio grade)	23	15 (as quartzite)	0
*Rutile	23	15 (as metal ore)	(2)
*Block steatite talc	23	15 (as talc)	0
*Zircon	23	15 (as metal mine)	(2)
*Antimony	23	do	(2)
*Bismuth	23	do	.1
*Cadmium	23	do	.7
*Cobalt	23	do	(2)
*Columbium	23	do	(2)
*Lead	23	do	3.0
*Lithium	23	do	(2 [4])
*Manganese	23	do	.4
*Mercury	23	do	.1
*Nickel	23	do	0
*Platinum and platinum group metals	23	do	.1
*Tantalum	23	do	(2)
*Thorium	23	do	(1)
*Tin	23	do	(2)
*Tungsten	23	15 (as metal mine)	1.2
*Vanadium	23	do	(1)
*Zinc	23	do	3.3
Ball clay	15	15	0
Bentonite	15	15	0
China clay	15	15	0
Saggar clay	15	15	0
Metal mines [5]	15	15	0
Rock asphalt	15	15	0
Vermiculite	15	15	0
Asbestos [5]	10	10	0
Brucite	10	10	0
Coal	10	10	0
Lignite	10	10	0
Perlite	10	10	0
Sodium chloride	10	5	1.8
Wollastonite	10	10	0
Brick clay	5	5	0
Tile clay	5	5	0
Gravel	5	5	0
Mollusk shells (including clam shells and oyster shells).	5	5 (as oyster shells and clam shells).	0
Peat	5	0	(2)
Pumice	5	5	0
Sand	5	5	0
Scoria	5	5	0
Shale	5	5	0
Stone, except stone used as dimension stone or ornamental stone.	5	5	0
Bromine, if from brine wells	5	5	0
Calcium chloride, if from brine wells	5	5	0
Magnesium chloride, if from brine wells	5	5	0
Aplite [6]	15	15 (regardless of use)	0
Barite [6]	15	do	0
Borax [6]	15	do	0
Calcium carbonates [6]	15	10 (regardless of use)	(2)
Refractory clay [6]	15	15 (regardless of use)	0
Fire clay [6]	15	do	0
Diatomaceous earth [6]	15	do	0
Dolomite [6]	15	10 (regardless of use)	(2)
Feldspar [6]	15	15 (regardless of use)	0
Fuller's earth [6]	15	do	0
Garnet [6]	15	do	0
Gilsonite [6]	15	do	0
Granite [6]	15	5 (regardless of use)	1.2
Limestone [6]	15	15 (as chemical and metallurgical grade limestone; 5 percent as stone).	7.0
Magnesite [6]	15	10 (regardless of use)	.1
Magnesium carbonates [6]	15	do	(2)
Marble [6]	15	5 (regardless of use)	.4
Phosphate rock [6]	15	15 (regardless of use)	0
Potash [6]	15	do	0
Quartzite [6]	15	do	0
Slate [6]	15	5 (regardless of use)	.7
Soapstone [6]	15	5 (as stone)	(2)
Other stone used as dimension stone or ornamental stone.	15	5	.5
Thenardite [6]	15	15 (regardless of use)	0
Tripoli [6]	15	do	0
Trona [6]	15	do	0
Bauxite [5 6]	15	do	0
Beryl [5 6]	15	do	0
Flake graphite [5 6]	15	do	0
Fluorspar [5 6]	15	do	0
Lepidolite [5 6]	15	do	0
Mica [5 6]	15	do	0
Spodumene [5 6]	15	do	0
Talc, including pyrophyllite [5 6]	15	do	0
All other minerals [5 6]	15	0	8.0
Total			[9] 32.0

[1] Data classified.
[2] Less than $50,000.
[3] Estimate covers ilmenite and rutile.
[4] Estimate covers lepidolite, spodumene, amblygonite and other lithium minerals—breakdown not available.
[5] Allowance when higher allowance not applicable.
[6] Allowance when natural deposit not used as riprap, ballast, road material, rubble, concrete aggregates or for similar purposes, in which case the allowance is 5 percent.
[7] Included with limestone and other stones.
[8] Included with other stones.
[9] Detail will not add to total because of rounding.
*Natural deposits receiving 23-percent allowance if deposits in the United States.

NOTE.—This comparative table makes several assumptions concerning the interpretation of present law although the issues are currently unsettled.

Mr. WILLIAMS. Mr. President, I fully recognize the expense in connection with oil drilling operations, but I point out that under existing law all work in connection with dry wells or good wells, all exploration costs can be written off without regard to the depletion amendment.

This recovery of 100 percent of the investment cost has no connection with the depletion allowance.

The depletive allowance of 27½ percent of the gross income of oil producers makes it possible for the individuals or companies to recover their original cost tax exempt many times. It runs forever. It is nothing less than a special tax credit for one segment of our industry.

Furthermore, I call attention to the fact that the depletion allowance was set at the 27½ percent in 1926, and not at the time when the income tax law was put into effect in 1916 as claimed.

In 1916, when first reference was made to provision in the income tax law, at that time the law plainly stated this depletion allowance would be applicable only until they had recovered 100 percent of the original investment. In 1926 it was modified. Later a ruling by the Treasury Department was accepted, whereby the depletion allowance would be effective indefinitely without regard to the original cost.

I also point out that in 1926, when the first 27½-percent rate was put into effect, there was in effect a corporation rate of a maximum of 24 percent, which did not give that group such a special advantage, as when the rate is 52 percent. As the tax rate goes higher, the advantage increases in proportion. Under the existing law, the industry is not paying its proportionate part of the operating cost of this Government. It is the most heavily subsidized segment of our industry and a correction is long overdue. As tax rates on individuals and corporations have been increased during recent years this group has been exempt.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a report prepared by the Treasury Department pointing

out specific examples of how this depletion allowance works, first in regard to overseas corporations. In this report the Treasury Department points out how with the 27½ percent depletion allowance in effect on overseas operations the United States Government is drawing very little, if anything, in revenue as far as taxes are concerned.

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

United States and foreign taxes of selected oil corporations, 1952 taxable year, submitted to the Senate Committee on Finance pursuant to action of the committee requesting such information in connection with Executive sessions on H. R. 8300

[In thousands]

	Taxes reported paid to foreign countries	United States tax liability	Credit allowed for foreign taxes paid	United States tax after foreign tax credit	Total allowable depletion	Cost-basis depletion	Excess of percentage over cost-basis depletion
Corporation A (Middle East)	$104,201	$103,887	$103,323	$564	$91,879	0	$91,879
Corporation B (Caribbean)	98,319	78,961	77,087	1,874	123,977	$949	123,028
Corporation C (Caribbean)	17,325	17,325	17,325	0	44,895	7,249	37,646

Treasury Department, June 1954.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a tabulation showing figures relating to nine domestic corporations, which points up the benefit of the depletion allowance as regards the operations of these companies.

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

Comparison of income and depletion data on selected oil companies, taxable year 1952, submitted to the Senate Committee on Finance pursuant to action of the committee requesting such information in connection with executive sessions on H. R. 8300

[In thousands]

	Net taxable income before excess depletion	Total allowable depletion	Cost-basis depletion	Excess of percentage depletion over cost-basis depletion	Net taxable income after depletion
Company A	$19,447	$17,505	$518	$16,987	$2,460
Company B	54,331	28,172	1,467	26,705	27,626
Company C	131,575	88,480	1,304	87,176	44,399
Company D	48,432	22,437	1,215	21,222	27,210
Company E	126,373	67,921	3,803	64,118	62,255
Company F	146,007	50,512	4,708	45,804	100,203
Company G	141,515	69,273	41,224	28,049	113,466
Company H	125,699	56,630	5,131	51,499	74,200
Company I	160,181	72,901	2,435	70,466	89,715

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have incorporated in the RECORD at this point in my remarks a short statement in which the Treasury Department points out specific examples of how this depletion allowance affects the income tax for individuals.

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

Data on income and deductions for selected individuals submitted to the Senate Committee on Finance pursuant to action of the committee requesting such information in connection with executive sessions on H. R. 8300

CASE A

[Thousands of dollars]

	1943	1944	1945	1946	1947
Gross income subject to depletion	2,709	2,786	2,535	2,686	3,661
Other gross income	705	919	926	1,175	1,562
Total gross income	3,414	3,705	3,461	3,861	5,223

Data on income and deductions for selected individuals submitted to the Senate Committee on Finance pursuant to action of the committee requesting such information in connection with executive sessions on H. R. 8300—Continued

CASE A—Continued

[Thousands of dollars]

	1943	1944	1945	1946	1947
Deductions included the following:					
Expensed drilling and development costs	316	496	543	271	417
Exploration expense and abandonment losses	342	250	269	598	985
Adjusted basis depletion	11	34	30	23	12
Excess percentage depletion	711	638	570	628	965
Net taxable income	411	296	(35)	(57)	208

CASE B

	1943	1944	1945	1946	1947
Gross income subject to depletion	379	394	549	584	857
Other gross income	40	75	96	106	194
Total gross income	419	469	545	690	1,051
Deductions included the following:					
Expensed drilling and development costs	------	29	340	280	358
Adjusted basis depletion	22	29	28	22	28
Excess percentage depletion	74	76	117	1,100	145
Net taxable income	137	115	(28)	(26)	121

CASE C

	1943	1944	1945	1946	1947
Gross income subject to depletion	1,742	1,296	877	669	1,545
Other gross income	715	739	826	774	1,400
Total gross income	2,457	2,035	1,703	1,443	2,945
Deductions included the following:					
Expensed drilling and development costs	889	1,061	300	132	426
Exploration expense and abandonment losses	197	132	85	36	207
Adjusted basis depletion	38	13	29	13	13
Excess percentage depletion	366	221	104	107	336
Net taxable income	44	(324)	(80)	(28)	(32)

NOTE.—These examples are drawn from case studies submitted to the Treasury by revenue agents in 1949. The cases were selected as spectacular illustrations of tax allowances for oil and gas.

Mr. WILLIAMS. Mr. President, the 27½ percent benefit represented a proportionate increased benefit as the corporate rate went from 24 to 52 percent, and likewise as the individual rates went from about 20 percent in the early days to the present 83 percent. This depletion allowance does represent a substantial tax advantage to this particular group.

As an example, in case A, which the Treasury Department points out, the depletion allowance to this individual the first year 1943, was $711,000. In 1944, it was $638,000. In 1945, it was $570,000. In 1946, it was $628,000. In 1947, it was $965,000. These amounts are all tax-exempt earnings for the individual involved.

All of those amounts were allowed as special tax credits over and above normal expenses in connection with drilling costs and the normal deductions allowed other taxpayers.

I do not think this particular industry is paying its proportionate part of the taxes, under the present tax rate. I think that as the tax rates go higher, the depletion allowance should be modified.

Perhaps a good argument could have been given 15 or 20 years ago, when the tax rates were lower. Just as it has been pointed out that the costs for drilling have risen, the costs of Government and national defense and other related Government costs have likewise substantially increased, and still this particular industry is not willing to pay its proportionate part of those costs.

I was hoping the Senate would see fit to adopt the amendment. I am disappointed that at least the Senate did not see fit to have a yea-and-nay vote.

The PRESIDING OFFICER. Does the Senator from Delaware yield the balance of his time?

Mr. HUMPHREY. Mr. President, will the Senator yield me 1 minute?

Mr. WILLIAMS. I yield the Senator from Minnesota 1 minute.

Mr. WILLIAMS subsequently said: Mr. President, I ask unanimous consent to have two articles from the Wall Street Journal incorporated in the RECORD immediately following my remarks on the amendment which I offered with reference to the depletion allowance. These articles explode the theory that this special allowance is to provide incentive to produce materials which are in short supply. Here the mining industry is asking for price support to keep their mills operating in the face of abundance while at the same time they ask special tax benefits to encourage increased production.

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

[From the Wall Street Journal of May 25, 1954]

OIL COMER—ROCKY MOUNTAIN AREA ADDS ITS SWELLING FLOW TO THE PETROLEUM GLUT—WELL COMPLETIONS LEAP 45 PERCENT IN YEAR AGAINST NATIONAL 8 PERCENT; SOME OIL SELLS CUT RATE—"PAYDAY 8 DAYS A WEEK"

(By Charles N. Stabler)

DENVER.—A major new source of petroleum and natural gas is coming of age hereabouts, but not without growing pains.

The vast and sparsely settled Rocky Mountain region is in the throes of intense, record-breaking oil exploration, drilling, and production. Local businessmen say the territory is experiencing "the biggest upheaval since the railroads came West."

But for inventory-loaded oil producers in some other areas, especially the Southwest, Rocky Mountain crude is becoming a vexing headache.

Right now the petroleum industry is up to its knees in crude oil and gasoline, even without new production from the Rockies. This inventory situation has weakened gasoline prices and forced some oil-rich States to cut back crude production.

The Rockies' flow has been dammed up by limited marketing outlets. Some crude has been forced to sell well below prevailing prices—a not unusual development in a new oil region. The cut-price crude has won some customers away from other producing areas.

BIGGEST POTENTIAL SOURCE

Output from the Rockies is still a trickle gaged against such mammoth producing areas as the gulf and west coasts. But the United States Geological Survey says this region offers the greatest potential future oil source in the country's continental limits. There might be argument about that, of course; some believe the off-shore area of the Gulf of Mexico is most promising.

The Rockies' production gain last year was one-third of the entire national increase. The number of wells completed in the region jumped 45 percent from 1952, against a nationwide rise of 8 percent. Rocky Mountain production has far outstripped that of western Canada, another fast-growing oil region.

To some extent oversupply has braked the development. But oil men say the Nation will need Rocky Mountain oil in years to come. And expansion hereabout is phenomenal.

An uninhibited Denver cab driver comments as he swings around a long yellow Cadillac with Texas license tags: "Mister, this place is hotter than a $2 pistol on the Fourth of July. It's payday and New Year's Eve 8 days a week."

He had in mind this mile-high city, hub of Rocky Mountain business activity. But the statement applies also to the rest of the region. The area usually included in the Rocky Mountain territory takes in parts of 11 States: Colorado and Wyoming, the biggest producers, western Nebraska, Montana, North and South Dakota, Utah, northern New Mexico, Arizona, Idaho, and Nevada. Besides the much-publicized Williston Basin in Montana and the Dakotas, the region boasts important oilfields in Wyoming, Colorado, and elsewhere.

According to Petroleum Information, a Denver trade publication, the oil industry last year spent an estimated $548 million on exploration, leasing, and well development in the Rockies. A year earlier the figure was $430 million. Additional millions are being spent on pipelines to help get the area's oil to market.

LEASED ACREAGE GROWS

It's estimated 11.5 million acres of Rocky Mountain land were leased for oil and gas rights last year, at a cost of $15.5 million. This raised the total acreage under lease to almost 140 million with a yearly carrying cost of around $78 million. In addition, oil operators seeking likely drilling sites spent some $55 million on geophysical exploration, which uses various instruments to determine the lay of the land underground.

This region has been largely developed by small, independent operators who flocked here by the hundreds from Texas, California, Indiana, and Oklahoma. As an indication, a major oil company here reported asking its geophysical department recently how much competition it had in exploration. The geophysicists made an off-the-cuff estimate of 300 separate companies operating in the Rockies. Then they made a careful count and found 2,000.

"This is the last frontier of the independent," according to an Evansville, Ind., man who has been here less than a year. "The reason is quick action at low cost. Leases are cheap and you don't have to drill to China for your pay. A man can drill $20,000 worth of holes here in 10 days and know then whether he has made money or lost."

The big companies also are active here, of course. Continental Oil Co. in the last 5 years has increased its take from 10,000 barrels daily to 40,000 barrels. Other large companies with a big stake in the Rockies include Amerada Petroleum Corp., Ohio Oil Co., British-American Oil Co., Standard Oil Co. of California, Chicago Corp., Cities Service Co., Delhi Oil Co., Gulf Oil Corp., Lion Oil Co., Pure Oil Co., Shell Oil Co., Sinclair Oil Corp., Standard Oil Co. of Indiana, and the Texas Co.

A 21-PERCENT PRODUCTION GAIN

In return for their investment here, the oilmen got a production increase last year of 21 percent, up 30 million barrels to a 1953 total of 144 million barrels. Western Canada's output last year was 81 million barrels.

Proven reserves in Petroleum Administration for Defense District IV (Colorado, Montana, Utah, and Wyoming) went from 1.6 billion barrels at the end of 1952 to 1.9 billion in 1953. And Maury Goodin, one of the Petroleum Information publishers, claims "we've barely scratched the surface."

Oil and natural-gas operators drilled and completed 3,417 wells in the area last year, with one-third of them wildcats, or exploratory wells, compared to a national wildcat rate of 22 percent. That was 1,060 more wells than were completed in 1952. Based on first-quarter operations, an additional boost of 1,500 wells is expected this year.

Production, reserves, and drilling in the Rockies are still small when stacked up against national figures. National production last year was 2.4 billion barrels; well completions, over 49,000; proven reserves at the end of 1953, close to 29 billion barrels.

The Rocky Mountain fields come southward in a series of large sedimentary basins (prehistoric lakes) along both sides of the mountains. Among the largest are the Powder River Basin, in eastern Montana and Wyoming; Big Horn, Wind River, and Green River Basins, in western Wyoming; and the Denver Julesburg Basin, a red-hot area of Wyoming, Colorado, and Nebraska. On the western side of the mountains are the Uinta Basin, in Utah and Colorado, and the San Juan Basin, a natural gasfield mostly in New Mexico.

"IT AIN'T FOR SISSIES"

This region boasts some of the most magnificent scenery in the Nation, snow-capped mountains, rock mesas, and canyons. But, according to the wildcatters and tool pushers here, "it ain't for sissies."

Ask a Texas oilman who went to New Castle, Wyo., now a boomtown, thanks to the rich Clareton field, how he liked it, and he answers: "Well, it's quite a town. See this scar?"

He explains he got the wound his first night there when he incautiously displayed a $50 bill in a local saloon. When he came to, minus the $50, he complained bitterly to a New Castle acquaintance. All the sympathy he got was: "Aw, heck (or words to that effect), sure wish I'd been around for the fun."

The temperature at Helena, in central Montana, averages 20 degrees in January. Its gone as low as 42 below zero in winter and as high as 103 in summer. And, according to a straight-faced citizen of Wyoming, "there is nothing between Cheyenne and the North Pole but a barbed-wire fence."

The most immediate problem for oilmen in this region involves finding a market. As W. W. Fenniken, president of the Rocky Mountain Oil & Gas Association, notes: An oilman's life is risky at best, "full of dry holes, full of bank payments, full of ups and downs. But the saddest case in the oilman's history concerns the man who finally finds oil, then can't sell it."

"SHUT-IN" CAPACITY

This is the situation today in many Rocky Mountain oilfields. According to an estimate by the Independent Petroleum Association of America, PAD, district IV, produced last January at the rate of 373,000 barrels daily. But the productive capacity of wells in the 4 States, using them at the maximum efficient rate, was 475,600 barrels daily, leaving capacity of 102,600 barrels a day "shut in"; the wells are capped so they don't produce.

The thinly populated region cannot itself provide much of a market for its own oil. At capacity operation its refineries process only 243,000 barrels of oil a day, or about half the crude production capacity.

"The region has a bright future," predicts J. W. Liddell, Conoco vice president in charge of the region. "But production far exceeds consumption; we have to be exporters."

Thanks mostly to a big new pipeline, exports of crude from the Rockies rose during the past 12 months by more than 60,000 barrels daily. Considering the well-nigh saturated condition of the national market, this increase has not been greeted with glad cries from producers in other areas.

Rocky Mountain crude, which is going mostly into the Great Lakes area, is blamed by some producers for softening the market there. This argument is made especially by Oklahoma producers, whose chief outlet is the Great Lakes cities. They note that while Rocky Mountain output was soaring, Oklahoma production has declined.

HE LOSES CUSTOMERS

The president of a small company in southern Oklahoma claims that the cut-price Rocky Mountain oil has taken from him several refinery customers in the Great Lakes area. Southern Oklahoma oil operators say the heavy crude from a majority of the fields in Carter and Stephens Counties, Okla., lost its Great Lakes market, partly because the same sort of crude from the Rockies supplanted it.

Purchasers in these fields reportedly are suggesting a 15-cents-a-barrel price cut. So far, however, apparently no producer wants to make the first move.

These producers note that unlike other areas, output from the new region is not regulated by laws intended to conserve oil resources and gear production to demand. They claim this permits production of oil in such quantities that some of it must sell at distress prices.

A prime example of distress output is the Clareton field of Weston County, Wyo., a rich producer with limited pipeline facilities.

According to J. D. Sprecher, a New Castle drilling contractor and independent oilman, producers in the field are selling 6,000 barrels a day at less than the posted price of $2.69 a barrel. Some oil is moving at $1.70 and quite a lot at $2.10. About 13,000 barrels daily is going at the full price.

Producers who sell to the Sioux refinery at New Castle are paid the full price, all right, but they have to take 25 percent of it in stock of the Sioux Oil Co. "It's not a bad deal, so far," admits Mr. Sprecher. The stock is valued at $1 a share and it will bring that on the market now, he explained.

Because of its rapid development and limited pipeline facilities, the Clareton field is now selling "less than half as much oil as 6 months ago, although we have twice as many wells," Mr. Sprecher says. The rest of the production is shut in, but it exerts a downward pressure on the market by its mere availability.

A BRAKE ON DRILLING

Drilling activity has fallen off sharply in the field. At present, says Mr. Sprecher, 25 rigs are operating where 68 were drilling as recently as last January.

A similar excess of production in comparison with marketing outlets exists in parts of the Denver Julesburg Basin, especially in the field around Adena, Colo.

Pipeline facilities to these and other fields are now being expanded. The Murchison interests of Dallas, with production in the Clareton Field, purchased Plains Pipe Line in Weston County and are boosting its capacity. And Pawnee Pipe Line, owned by Pure and Sinclair, is building a line to hook Adena into connections with the big Platte Pipe Line.

The Platte Pipe Line, owned in equal shares by Sinclair, Pure, Ohio Oil, British American, and Continental, already has given a sharp push to the area's output. This line picks up crude in Wyoming and the Denver Julesburg Basin and delivers it to Wood River, Ill., and connecting lines feeding the Great Lakes.

Put in operation in late 1952, the line is now being expanded to a capacity of 145,000 barrels daily from 102,000 barrels. Producers in the area credit most of their 1953 increase in output to the new line. Naturally they hope for another increase in midsummer when the expanded facilities become available.

HOW MUCH DISTRESS OIL?

How much distress oil is being bought in the Rockies is not known. Oil men are notoriously close-mouthed when discussing price cuts and many barrels can't be added up accurately because they move by truck instead of pipeline.

But the crude buyer for a major Texas oil company estimates the total is around 15,000 barrels daily and similar estimates are made by big Rocky Mountain concerns. This is not much, considering the Nation produces almost 6.5 million barrels a day.

Roland V. Rodman, president of Anderson-Prichard Oil Corp., an Oklahoma producer, considers the effect of the distress oil "negligible."

Mr. Rodman, like most other domestic producers, considers relatively cheap imports from foreign fields the chief threat to prices. These oil men note that total crude and product imports during the week ended May 8 averaged more than 1 million barrels daily, with crude making up about 700,000 barrels of the total. They claim this is choking back the domestic industry, which now has about 1.5 million barrels of shut-in capacity.

[From the Wall Street Journal of May 27, 1954]

STOCKPILING STEP-UP—GOVERNMENT SET TO BUY MORE LEAD, ZINC TO AID HARD-PRESSED PRODUCERS—WAR NEEDS IS REASON GIVEN PUBLICITY, BUT A PRICE PROP IS IN THE BACKGROUND—SHOPPING FOR OTHER METALS

(By Henry T. Simmons)

WASHINGTON.—The Eisenhower administration is about to plunge into the business of propping prices of lead, zinc, and a variety of other key metals and minerals.

United States stockpilers freely admit that will be the effect of a new long-term Government stockpiling program that is just getting underway. Under the new program, stockpile goals for a flock of vital war materials are being revised upward, and Government buyers are preparing to start shopping around for additional supplies.

The program is about to be kicked off, it is understood, with a batch of orders for lead, zinc, and perhaps some other commodities. The Office of Defense Mobilization, in charge of United States stockpiling activities, either later this week or early next week will pass along to the General Services Administration, the Government's chief purchasing agent, directives authorizing GSA to start negotiating immediately with the metals producers. GSA officials predict Government orders for lead and zinc could be going out to producers within 48 hours after the go-ahead from ODM is received.

The publicly-stated reason for this stockpiling step-up is that the United States needs increased assurance of adequate supplies of metals and minerals in case of a war emergency. The argument is that growing Russian air power means more United States domestic production of critical materials might be knocked out in a war, and Red submarines would choke off more foreign shipments than had been previously estimated.

HELPING HARD-HIT PRODUCERS

But officials in ODM see what they consider is another equally good reason for stepping up Government metal and mineral buying: Producers of a long list of these materials are suffering from slumping prices or the threat of a shrinking market. Prices of things like zinc, lead, and tungsten are now far below their Korean war peaks, and though zinc and lead prices have strengthened a bit lately Government experts say some producers are either folding up or on the verge of doing so. This disturbs Government officials who favor a broad production base for key war goods.

It also has an unsettling effect on mining-State politicians, who have been trooping to the White House in recent weeks with plans for help from Uncle Sam. Congressional hearings conducted by Nevada's Republican Senator MALONE have helped spotlight the plight of some United States metals and minerals producers. One way or another the administration has been put under heavy pressure to take action, particularly on behalf of lead and zinc miners.

So the ODM has decided to conduct its new stockpile buying in a fashion carefully calculated to give hard-hit mining industries the assurance of steady Government purchases over a long period.

"NOT GOING TO RUSH"

"We're not going to rush in and buy all the supplies available at one time," says one official. "Instead the idea is to buy it only fast enough as is necessary to keep some kind of a floor under domestic production."

The first word of this new stockpile scheme came 2 months ago when President Eisenhower announced in general terms that a careful review of stockpile objectives was in the works. He predicted the new program might result in additional Government acquisitions of from 35 to 40 metals and minerals to be purchased, whenever possible, from domestic producers and to be spread out over a considerable period of time. At that time, there were no clear indications what items the Government planned to buy, or how soon the program would get under way.

Although lead and zinc are understood to head the list, it's believed the new stockpiling program will spread soon to a variety of other metals such as manganese, tungsten, copper, tin, magnesium, and chrome. Purchases of these items, and others, will, of course, only be made at such times as the Government shoppers think they can help firm up United States production.

MORE INFORMAL THAN FARM PROPS

Strictly speaking, of course, what the stockpilers have in mind is not the sort of price propping done by the Department of Agriculture on behalf of the Nation's farmers. Prices of most farm goods are supported at fixed levels for each crop year. Under the new stockpiling scheme, the price supporting would be much more informal. No specific price would be guaranteed; all the stockpilers want to do is to provide enough Government demand to keep markets of key materials fairly firm so as to encourage a "healthy" rate of production.

Those who put together the new stockpile plan argue that if production capacity of a key material falls off because of a slumping market the Government then must stockpile much larger quantities. The larger amounts would be needed to carry the Nation through the early stages of an emergency until shut down mines could be put back in working order, the planners assert.

One big question that can't be answered: How much metals and minerals are involved in the new stockpiling program? Stockpile goals are classified "secret"; moreover, most of the new long-term goals of specific items have yet to be fixed.

A $2 BILLION BILL?

But officials in the know assert the new goals will add at the most roughly $2 billion to the value of current stockpile goals, now amounting to $6.8 billion. The Government is still short of its current goals by about $2.6 billion. The $4.2 billion or more mountain of critical war goods hoarded by the Government includes some 76 items, from hog bristles, opium, castor oil, and feathers to aluminum, cobalt, molybdenum, and copper.

Some 39 of the 76 individual goals have been filled or are covered by firm orders, the Government has reported. And among these are such items as zinc, copper, lead, magnesium, tin, and tungsten. It was for this reason primarily that the Government is now obliged to raise its "objectives" in order to make room for the lead, zinc, and other items the ODM now wants to buy in the interests of helping out hard-pressed metals and minerals producers.

There is another reason for upping the stockpile goals, however. During the Korean war, the Government stimulated output of needed materials by entering into a variety of "purchase agreement" contracts, many of which committed the Government to buy up to the total output of certain copper, lead, zinc, and other mines at specified "floor" prices, at the option of the producer, if market prices fell to these levels. Recently the prices of some of these metals have sagged and some producers are exercising their option to unload their metal on the Government.

FINDING A HAVEN

Theoretically the Government could turn around and sell the metal on the open market, at a loss. But last March it was decided that such a move would simply depress market prices further. Instead it was decided to find a haven for these metals in the Government stockpiles. And this was done simply by hiking the stockpile goals another notch or two.

One factor that didn't dictate the change in stockpiling policy is the war in Indochina, officials insist. ODM men say their minimum stockpile goals, now in the process of being revamped and raised, are proof against just about anything that could happen in southeast Asia. For example, it's reliably reported here that the United States has an ample supply of tin stashed away in stockpiles or on order; and the Government is said to hold as much rubber as is feasible because of the danger of deterioration. Southeast Asia is a primary supplier of both items to the United States.

Though officials say the more expansive stockpile program could cost the United States taxpayers as much as $2 billion over a number of years, the expense could be much less. For one thing, a big pickup in business might all but eliminate the need for the new floor under the metals and minerals industries. Or a gradual strengthening of the economy could stretch out the new stockpile spending over many years.

"BARGAIN" PURCHASES

Buying to meet long-term goals promises to be cheaper than the forced draft purchasing which has been characteristic of much of the stockpiling to date. Up to now, the Government has been concentrating on building up minimum reserves of key materials to safeguard against crippling shortages in an emergency.

The new buying would be done only when market prices were low, and Government buyers were assured bargain prices, officials say.

Spending for stockpiling has been declining steadily since the end of the Korean fighting; in fiscal 1953, GSA poured out $919 million to buy up materials; in fiscal 1954, ending June 30, spending is estimated to total $770 million.

For fiscal 1955, the estimate for stockpile spending made last January in President Eisenhower's budget was $585 million. But this figure doesn't take into account the new long-term stockpiling goals. How much the budget figure may be increased in the next fiscal year, ODM isn't saying. But officials are already talking of the possibility of making a special supplemental request to Congress for funds to meet the higher stockpile goals now taking shape.

Mr. HUMPHREY. I had sent for the record of the yea and nay vote of the Senate in the 82d Congress, 1st session, and I should like the RECORD to reveal and read that on September 28, 1951, on the Revenue Act of 1951, on the amendment to reduce the depletion allowances to 15 percent, the vote was, yeas, 9, nays, 71. I should like to read, for purposes of the RECORD, the "yea" vote: Benton, Douglas, Green, Humphrey, Kefauver, Lehman, Moody, Pastore, and Williams.

I think the RECORD should be very plain in showing who voted for and who voted against the amendment.

Let me read the first few names in the list of Senators voting "nay" on that question: Aiken, Brewster, Bricker, Butler of Maryland, Butler of Nebraska, Cain, Capehart, Carlson—and so on, down through the list.

Mr. President, I mention this matter only because I do not wish the RECORD to give an incorrect picture of where Senators stand on this very important issue.

Mr. MORSE subsequently said: Mr. President, will the Senator from Illinois yield to me; to permit me to make a statement lasting not more than 1 minute?

Mr. DOUGLAS. I yield.

Mr. MORSE. I wish to point out that the Senator from Minnesota has referred to the CONGRESSIONAL RECORD for September 28, 1951, which shows nine "yea" votes in favor of an amendment regarding the depletion allowance, an amendment practically identical with the amendment of the Senator from Delaware. The Senators voting "yea" were Benton, Douglas, Green, Humphrey, Kefauver, Lehman, Moody, Pastore, and Williams. Let me state that in the CONGRESSIONAL RECORD, volume 97, part 9, page 12334, the following also appears:

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

I merely wish the RECORD to show that the junior Senator from Oregon has always been in favor of the principle of the Williams amendment.

Mr. DOUGLAS rose.

The PRESIDING OFFICER. For what purpose does the Senator from Illinois rise?

Mr. DOUGLAS. Mr. President, if debate on the amendment of the Senator from Delaware has been concluded, I desire to call up my amendment in the nature of a substitute, which is at the desk, and to ask that it be read.

The PRESIDING OFFICER. Do the Senator from Delaware and the Senator from Colorado yield the remainder of their time?

Mr. WILLIAMS. I do, Mr. President.

Mr. MILLIKIN. Mr. President, if the Senator from Illinois will proceed in the way he has just stated he will, I shall yield the remainder of my time. Otherwise, I do not yield the remainder of my time.

The PRESIDING OFFICER. The Senator from Delaware and the Senator from Colorado having yielded the remainder of their time, in order to permit the Senator from Illinois to submit his amendment, that amendment will be stated.

The CHIEF CLERK. In lieu of the numeral "15" proposed to be inserted by the amendment proposed by Mr. WILLIAMS, it is proposed to insert, after the numeral "27½", the following: "percent rate shall apply to each oil and gas property of the taxpayer to the extent that the taxable income from such property (determined under paragraph (1)), when added to the taxable income of each other oil and gas property of the taxpayer for which a determination has theretofore been made under paragraph (1), does not exceed $1 million; the percentage rate applicable to each oil and gas property of the taxpayer shall be 21 percent when the taxable income from such property (determined under paragraph (1)), when added to the taxable income of each other oil and gas property of the taxpayer for which a determination has theretofore been made under paragraph (1), exceeds $1 million but does not exceed $5 million; and the percentage rate applicable to each oil and gas property of the taxpayer shall be 15 percent when "the taxable income from such property (determined under paragraph (1)), when added to the taxable income of each other oil and gas property of the taxpayer for which a determination has theretofore been made under paragraph (1), exceeds $5 million."

The PRESIDING OFFICER. The Senator from Illinois is recognized for 1 hour. Does he wish to state how much time he yields to himself?

Mr. DOUGLAS. Mr. President, I yield myself whatever time I may require, not to exceed 1 hour.

The PRESIDING OFFICER. The Senator from Illinois may proceed.

Mr. DOUGLAS. Mr. President, inasmuch as the credentials of those who did and those who did not join in the request for the yeas and nays on the question of agreeing to the amendment of the Senator from Delaware have been questioned, let me say for the RECORD that at the time of the last request by the Senator from Vermont that the yeas and nays be ordered, I held up my hand. I have seldom ducked fights, in my life; and I do not intend to duck this one.

Furthermore, Mr. President, let me say that I think the Senator from Delaware has shown characteristic courage in submitting his amendment, for it relates to one of the hottest tax issues we have.

Personally, I think there is great abuse in the present depletion allowance, as it is applied to the big operators; and I believe the Senator from Delaware deserves the commendation of the people of the United States for the courageous way in which, again, he has brought this issue to the floor of the Senate.

Likewise I believe the Senator from Minnesota [Mr. HUMPHREY] deserved great credit in 1951 when, in the face of great opposition, he brought the issue to the floor of the Senate.

Let me say that the Senator from Delaware was quite correct when he pointed out the nature of the tax deductions which already are permitted the oil industry. He pointed out, in the first place, that all developmental drilling and operating costs are deducted from the gross income before taxable income is reached. Of course that is a proper provision. He also pointed out that the cost of drilling unsuccessful wells or dry holes is permitted to be charged against the income from the successful wells; and of course that is also absolutely proper.

In the case of the big oil operators, who have a large number of drillers and have skilled geologists in their employ, they have a distribution of risks within their enterprises. Yet, in addition, they are given this further 27½ percent depletion allowance; namely, they are permitted to charge off 27½ percent of gross revenue, and up to 50 percent of net revenue, in addition to the two deductions I have already mentioned; and they are permitted to charge off this 27½ percent depletion allowance so long as the well continues to yield.

So the 27½ percent depletion allowance which is granted is in many cases very much greater than the entire cost of the drillings, which as a matter of fact has already been written off, through the tax deductions.

So, Mr. President, I think there is no question but that the 27½-percent allowance is weighted very much in favor of the big operators; that as a result of this provision, the Government is losing hundreds of millions of dollars of revenue; and that the 27½-percent depletion allowance lies behind many of the millionaires who have sprung up in the State of Texas, and who now are attempting to dominate the politics of the United States and to determine who will enter the Senate of the United States.

Mr. LONG. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. I yield.

Mr. LONG. In order to be completely fair about the matter, I am sure the Senator from Illinois will agree that inasmuch as approximately half the oil produced in the United States is produced in the State of Texas, it stands to reason that a considerable part, if not

most, of the oil millionaires are to be found in Texas.

Mr. DOUGLAS. That is true. I merely wished to point out that in this period, the oil millionaires are comparable to the railroad millionaires of the 1870's and 1880's. Today, the large amounts of income come in the oil industry, and it is an open secret that this group is trying to dominate the thought and the politics of the Nation.

So, Mr. President, it required considerable courage for the Senator from Delaware—and I wish to include in this category the Senator from Vermont, in 1954—to submit this amendment.

So far as the big operators are concerned, I am with these Senators, because these operators have a distribution of risk within their enterprises, and they do not need the full 27½ percent depletion allowance.

As I have said, the 27½ percent depletion allowance is largely responsible for creating the Texas oil millionaires. While I do not wish to make any personal attacks upon those men, one of whom I know slightly, and others of whom I do not know at all, and while I daresay that they are in their private lives estimable and sincere men, nevertheless, it is true that in a number of cases they have gone into other States in an attempt to influence nominations and elections. They constitute one of the large sources of political financing and political propaganda at the present time.

I have a note on my desk from the senior Senator from Maine [Mrs. SMITH] whom we all admire and respect, authorizing me to say that the Texas oilmen went into the Maine primary and tried to defeat her. Her victory in the Maine primary gave heart and courage to nearly all the people of the United States.

I think there is no doubt that so far as the big operators are concerned, the depletion allowance should be reduced for them. I think this is necessary in the interest of fairness. It is necessary in the interest of raising more revenue and reducing the deficit. It is necessary for the purification of politics.

On the floor this afternoon, as in 1951, we heard the claims of the wildcatters or small independent operators advanced. I think they have a case because the wildcatter or the independent is, by definition, a man who drills only 1, 2, or at the most a few wells. In the great lottery of drilling—and it is not so much of a lottery as some would try to pretend, but let us call it a lottery—he does not have the distribution of risks that the big operator has. Suppose he strikes a series of dry holes and has no successful drillings. Then he will not be able to charge off the cost of the dry holes against the successful holes because there will be no successful holes. Therefore, I think it is probably true that in the case of the wildcatter there must be an additional inducement in order to stimulate those who believe in taking risks and chances to do the drilling and develop the industry.

I must say that in the past the wildcatter has been used as the "front" for the big operator, just as the widow and the orphan have been used in times past to justify excessive rates upon private utility stocks. Whenever it is proposed to reduce the depletion allowance for the big boys, the poor independent operator is trotted out, and he is used as a modern "widow and orphan" to justify the Texas oil millionaires in raiding the United States Treasury.

So long as the defenders of the 27½ percent depletion allowance can use the independent wildcatter as the excuse for maintaining the 27½ percent depletion allowance for everyone, it will be very difficult to reduce it.

Therefore, I have prepared this amendment, in an effort to separate the issue. It provides that when the taxable income of an operator is less than $1 million, he shall continue to enjoy the full 27½ percent depletion allowance. On the next $4 million of taxable income the rate is diminished to 21 percent; and on all taxable income over $5 million, the rate is reduced to 15 percent, which was the amount contemplated in the amendment offered by the Senator from Minnesota [Mr. HUMPHREY] in 1951, for which I voted. It is the same percentage as that provided for in the amendment offered by the Senator from Vermont and the Senator from Delaware. In other words, we adopt the principle of the graduated income tax—27½ percent depletion allowance on gross income less than $1 million; 21 percent on taxable income between $1 million and $4 million; and 15 percent on taxable income of more than $5 million. That would protect the independent and the wildcatter, and would reduce the power of the "hot money" from Texas—yes, and partially from Oklahoma—from dominating the politics and the thought of the United States of America.

So I hope the Senator from Delaware will accept my amendment to his amendment. If not, I hope that it will be adopted.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks correspondence which I have had with Mr. Ivan Elliott, formerly attorney general of the State of Illinois, upon this subject, in which I make my position clear.

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

CARMI, ILL., *April 5, 1954.*

Hon. PAUL H. DOUGLAS,
United States Senate,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR DOUGLAS: I have received a number of inquiries concerning your attitude toward the 27½ percent depletion allowance on oil. As you know, development and production of oil is an important segment of the economy of southern Illinois. Most of the operators in this area are independents, and mostly small independents.

Repeal of the 27½ percent depletion allowance would be a virtual death blow to these independents. It would also be greatly detrimental to the economy of the entire region. It would curb development and deprive farmers of this area of income from royalties.

Therefore, I would appreciate information on the following points:

1. Will the depletion question be raised in Senate consideration of the general tax bill?
2. Are there any bills or amendments pending affecting the depletion allowance?
3. If no bills or amendments are pending, do you know of any plans to introduce such legislation?
4. Will you please explain your position on elimination, reduction, or retention of the depletion allowance?

I would appreciate having a reply as soon as possible.

Sincerely yours,

IVAN ELLIOTT.

UNITED STATES SENATE,
April 24, 1954.

Mr. IVAN A. ELLIOTT,
Attorney at Law,
Farm Bureau Building, Carmi, Ill.

MY DEAR IVAN: Thank you for your very kind letter of April 5 in which you inquire as to my stand on the 27½-percent depletion allowance for the oil industry.

It has come to my attention that my position in this issue is being misrepresented, I will not say maliciously, in material being mailed out by certain oil companies. I have the originals of their letters. I do not charge them with willful misrepresentation; I am convinced they are misinformed.

In order to make my position perfectly clear, I am taking the liberty of making public your inquiries, as well as this, my reply.

I

First, I discussed this situation with certain oilmen in Illinois in February, and asked two things:

1. That they name or select a committee to advise with me and help me on this issue.
2. That they furnish me with detailed statistics on the oil industry, and particularly the Illinois industry, and figures on the relative size of individual operators in our State.

To date, April 24, I have had no help from any committee, nor have I been advised that any has been appointed to help me in this matter.

To date, I have had no detailed information other than your letter of inquiry, and four other generalized individual letters. A letter giving some totals, but only that has been received.

I have received a number of letters which were sent out misadvising persons of my stand on this issue, all of which were forwarded to me.

In all fairness and honesty, I cannot help but feel that my earnest request for advice and help in this matter has not been met.

How can a United States Senator hope to meet perplexing problems such as this if he cannot have the assistance and advice of those directly concerned?

But aside from all other considerations, I want now to answer your honest, considered inquiries:

1. Will the depletion question be raised in the Senate consideration of the general tax bill?

Answer. Yes; beyond question.

2. Are there any bills or amendments pending affecting the depletion allowance?

Answer. Yes. Senators WILLIAMS, of Delaware, and AIKEN, of Vermont, both fine and honest men, have introduced an amendment to cut the allowance from 27½ percent to 15 percent. I am advised they intend to fight for it.

3. If no bills or amendments are pending, do you know of any plans to introduce such legislation.

Answer. See question 2.

4. Will you please explain your position on elimination, reduction or retention of the depletion allowance?

Answer. Gladly. I had no plans of any kind to introduce any legislation to alter the

present depletion allowance. But since Senators WILLIAMS and AIKEN have now moved to force the issue, I cannot in good conscience and responsibility avoid the inevitable showdown. I would not do so, if I could.

II

The situation, as I see it, is as follows:

1. In addition to the 27½ percent depletion allowance, the oil industry is permitted by our tax laws to write off as tax free against net income: (a) All developmental, drilling and operating costs. This is, of course, proper; (b) the cost of drilling unsuccessful or dry holes can be charged off against the income from successful wells. This also is proper.

2. In addition to these, the oil interests are now allowed as free from taxes an additional 27½ percent of gross income up to 50 percent of net income. This is a tax favor of about $500 million a year and means that other taxpayers or future generations have to bear heavier burdens to make up for the tax favors granted to the big oil operators.

There is little justification for such an excessive grant to the big operators, although there is a strong case to be made for it in connection with the small operators. This is because a big company which owns many wells can balance its failures against its successes and thus achieve a distribution of risk within its own enterprise. It will have enough successful wells to charge off the losses of the dry holes and still make a big profit. This is shown by the income statements of the big companies which show an average profit rate of over 14 percent of net assets and almost 11 percent on sales. It is also well known that there are scores of Texas and Oklahoma oil millionaires who have struck it rich and do not need such protection.

In the case of the small operator who drills only a few wells, a high percentage allowance is probably justified. If he has bad luck and all or the overwhelming majority of his ventures are unsuccessful, and he has only a string of dry holes, there are not enough successes to make up for the losses. He probably should be given a large incentive in order to undertake the risks of drilling. Our small operators and owners, therefore, deserve special treatment as compared to the big companies and operators.

But the big boys can look out for themselves without such a high subsidy at the expense of the American taxpayer. Senator WILLIAMS is not proposing to wipe out their depletion allowance—he is only proposing to reduce it from 27½ percent to 15 percent.

3. Most prospecting, or so-called "wildcatting," is done by the independents. The majors block up leases around, wait for the independents to sink the risk capital, do the drilling, prove the field, before they move in. Illinois oil development is 99 percent by the small independents.

4. There is a pronounced tendency for the majors, the big oil companies, to try to pressure the small independents into serving as a "front" for them. From the letters I have had sent to me, I suspect this is the case now. The big boys are pushing the small independents out into the first wave to fight the battle for them. I resent that if such is the case now.

III

I am unalterably opposed to the small independents taking all of the proving-development risks and the majors cashing in after the real individual enterprise has shouldered the risk and proved the field.

I don't believe that Standard, Shell, Gulf, H. L. Hunt, or any others of the Texas crew should be allowed to hide behind some honest, independent operator in Illinois. One of the most destructive influences in American political government today comes from oil millionaires who will buy if they can, and seek to destroy if they cannot corrupt.

Therefore, I will not seek to perpetuate an annual tax windfall of 27½ percent of gross income to the H. L. Hunts and other multimillionaire oil operators. In fact, this allowance on the record is nothing more than an annual tax subsidy to influences seeking to control our free American Government. If you doubt this, listen to some of their radio propaganda—Facts Forum and Reporters' Roundup under the aegis of Mr. Hunt.

But I favor and will fight to retain the full 27½ percent depletion for all independent oil operators with an annual gross income of $1 million or less. This should exempt 99.44 percent of all Illinois oil operators and owners of royalty rights.

I favor and will fight to retain the full royalty rights of all who may have developed or undeveloped leases for oil resources. I have every wish to see the oil industry flourish and grow stronger.

Those with gross earnings of more than $1 million a year have enough distribution of risks to justify reducing their depletion allowance to 15 percent. Perhaps we might even bend over backward here and permit those with gross incomes of from $1 to $5 million a year to have a 21-percent allowance and apply the 15 percent only to those with yearly incomes of over $5 million.

All this would protect every legitimate oil interest in Illinois. It will not please the big boys down in Texas and Oklahoma who are getting away with murder.

But once the real issue is made clear, I do not think the Illinois oil operators will allow themselves to be used as "fronts" and catspaws by the Texas crowd. It is about time we stopped the efforts of this group to dominate the politics of Illinois and of the Nation. In that fight I ask for the cooperation of the oilmen, as well as of the other voters of Illinois.

With best personal wishes,

Faithfully yours,

PAUL H. DOUGLAS.

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

Mr. DOUGLAS. I am glad to yield.

Mr. HUMPHREY. The Senator from Illinois is very well versed in the entire subject of depletion allowances, not only with respect to oil and gas, but with respect to minerals. As the Senator knows, once we establish the high level of depletion allowance of 27½ percent, we find that producers of other natural resources which could be depleted wish to work their way up the scale to that high level.

Mr. DOUGLAS. Sulfur is next with 23 percent. Then come others.

Mr. HUMPHREY. We have seen the same thing in connection with oyster shells, gravel——

Mr. DOUGLAS. Also clam shells.

Mr. HUMPHREY. And clam shells. The producers of such commodities all got into the depletion allowance schedule.

Mr. DOUGLAS. That is correct. The same procedure was followed with respect to sand and gravel, even though the prospect of striking a dry hole in digging for sand and gravel is rather remote.

Mr. HUMPHREY. The point should also be made, should it not, that exploration costs are deductible?

Mr. DOUGLAS. Yes; also developmental costs, and operating costs.

Mr. HUMPHREY. I think the Senator's proposal represents what might be called a middle-ground approach. Many of us learned in 1951 that a straight, across-the-board attempt at reducing the depletion allowance would not meet with favorable reception.

Mr. DOUGLAS. We got only 9 votes, and only 1 of them from an oil-producing State.

Mr. HUMPHREY. I think we learned from that debate that there was merit to the argument of the small independent operator, and that he needed some extra consideration in the depletion allowance schedule.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. It is because of that experience, as I understand, that the Senator from Illinois has now offered this modification and asked that the proponents of the 15 percent figure yield to what is a more sensible and reasonable proposal, in terms of the variety of operators in this field.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. I wish to associate myself with the Senator from Illinois, and assure him that, as in 1951, he stood by the junior Senator from Minnesota as a valiant political Spartan, with the courage of Romans, Athenians, Spartans, and Phoenicians running through his veins. I stand there today at least as steadfast, if not as valiant.

Mr. DOUGLAS. May I point out also that at least 32 counties in my State, or about one-third of the total, are oil counties?

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

Mr. DOUGLAS. I yield.

Mr. LEHMAN. As the third member of the little group of nine who voted to reduce the depletion allowance in 1951, and who has been doing it steadily ever since, and who is one of the cosponsors of the Williams-Aiken amendment, I am very glad to associate myself with the Senator from Illinois.

Mr. DOUGLAS. We are finding converts very readily. I hope we will be able to get some converts on the other side of the aisle. I really do hope we can get some converts on the other side of the aisle. Will they please come down the center aisle and hit the sawdust trail of repentance?

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield for a clarifying statement?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. The Senator from Illinois said he is getting some converts. I want to see him get converts, but in this area I am a bishop, because I have been proclaiming the faith. I have avowed the faith. I have not disavowed the faith.

Mr. DOUGLAS. I hope I may be permitted to join the church of the Senator from Minnesota.

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

Mr. DOUGLAS. I yield.

Mr. LONG. Can the Senator give us any estimate as to the amount of revenue his amendment would gain for the Treasury?

Mr. DOUGLAS. No; I cannot do so. Certainly it would gain a large amount.

Mr. LONG. Can the Senator give us any estimate as to how much it might lose to the Treasury?

Mr. DOUGLAS. It would certainly not lose revenue for the Treasury, because operators with taxable incomes of from $1 million to $5 million would be able to deduct 21 percent instead of 27½ percent, and those with taxable incomes of over $5 million would be able to deduct only 15 percent. This is a curbstone judgment, but I would say that it would save probably at least $100 million a year for the Treasury, and diminish to that extent the political and economic power of the oil millionaires of Houston and environs.

Mr. LONG. I believe the Senator explained that his amendment was calculated primarily to affect the Texas oil millionaires. Can the Senator tell me whether it would affect any oil producers in the State of Illinois?

Mr. DOUGLAS. It would, if any oil producers in the State of Illinois have incomes of over $5 million. In that case it would affect them equally with the oil operators of Texas. This is not a geographical amendment; it is an income amendment.

Mr. LONG. Will the Senator tell us whether there is anyone in Illinois who is actually receiving more than $5 million in oil revenues?

Mr. DOUGLAS. I believe there are a great many corporations in Illinois which are getting more than $5 million. There is Standard Oil, Shell, and a number of others, such as Gulf, for example.

Mr. LONG. Is it fair to conclude that the Senator's amendment, in addition to affecting the Texas oil millionaires, would also curb the Illinois oil millionaires?

Mr. DOUGLAS. The purpose of the amendment is to prevent oil millionaires from avoiding their just share of taxation, whether they are in Texas or in Illinois, or anywhere else. I do so not because I have any grudge against these millionaires but because they can distribute the risk and do not need as great a stimulus.

I hope very much that the Senator from Delaware will accept the amendment. I ask for the yeas and nays. I hope we will be able to get some hands raised on the other side of the aisle. I do not want to make a snide remark, but there are certain hands which are conspicuous by their absence.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS] to the amendment offered by the Senator from Delaware [Mr. WILLIAMS].

Mr. DOUGLAS. A division, Mr. President.

Mr. WILLIAMS. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. The Senator from Illinois has some time and the Senator from Colorado has some time.

Mr. DOUGLAS. Mr. President, I will be glad to yield some time to the Senator from Delaware.

Mr. WILLIAMS. I should like to speak for about 3 minutes.

Mr. DOUGLAS. I yield 3 minutes to the Senator from Delaware.

Mr. WILLIAMS. Mr. President, I recognize that the amendment of the Senator from Illinois is a step toward lowering the special tax advantage of this group, however, it does not fully do the job. I do not wish to accept his amendment. I offered my amendment because I believe the question is whether or not the depletion allowance has gone too far under our existing tax rates, and whether this particular industry is or is not paying its proportionate part of the tax.

I certainly did not intend to make my amendment as any penalty against growth or success. I respect the right of any man in this country to make money. However, I do feel that in this particular field, whether it be in one State or in another State, 27½ percent depletion allowance is out of line, and therefore my amendment would make an across-the-board correction.

I have no further statement to make on the amendment offered by the Senator from Illinois, but I did want the RECORD to show that I do believe the correction of this inequity in our tax laws should be made. This additional $300 million we will recover here will provide a lot of needed tax relief elsewhere.

Certainly there can be no justification of the rule which allows this industry to recover its original cost over and over again from tax-exempt earnings.

Mr. DOUGLAS. I may say that my amendment is not designed to punish millionaires as such, but to recognize the fact that the large operator having many drillings, has a distribution of risk within those drillings. It is inconceivable that, having many drillings, that all the drilling should turn out to be dry holes, just as it was inconceivable that all the ventures of Antonio, in the Merchant of Venice, should fail and be shipwrecked or lost. They did not turn out to be.

Therefore, my point is that the large operator, having a distribution of risk within his drillings, does not need the full 27½-percent allowance, but that the small operator, with 2 or 3 or 4 drillings, which may all turn out to be dry holes, should be given preferential treatment in order to induce him to drill.

The incidental effect, of course, would be to diminish the amount of the income of the big operators and to make them pay their fair share of the taxes.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS] to the amendment offered by the Senator from Delaware [Mr. WILLIAMS].

Mr. JOHNSON of Texas. Mr. President, will the Senator from Colorado yield me some time?

Mr. MILLIKIN. I shall be glad to yield some time to the Senator from Texas. I yield him 5 minutes.

Mr. JOHNSON of Texas. Mr. President, I wish to express in the strongest possible terms my opposition to any proposal to whittle down the incentive for the production of oil.

It is not necessary for me to labor the point that we are living in perilous times. Every day the newspaper headlines make that fact unmistakably clear.

They are times when we must be constantly prepared to defend ourselves by whatever means may become necessary.

Oil is vital, absolutely indispensable, to our preparedness program.

We must have oil when we need it. That means we must look for oil before we need it. We must have oceans of oil available for use in our peacetime pursuits, instantly available in case of war.

Throughout the Nation our geologists and our oilmen must engage in a never-ending search for new sources of supply.

This is a costly process. The great majority of explorations end in failure. Every failure is an expensive one. Some wells cost as much as half a million dollars to drill—even more in the tidelands areas now undergoing development.

The function of percentage depletion is to equalize the hazards to some extent—to keep people searching for oil. The need for the 27½ percentage depletion allowance has been recognized by every responsible man who has ever been connected with the oil industry or made a thorough study of its operations.

There is a rather widespread misconception that oil is a get-rich-quick and get-rich-big kind of business.

The truth is that, even with percentage depletion, the rate of return on investment in petroleum operations is less than that for business as a whole. This is true even though, from a business standpoint, oil is a hazardous investment.

Competent studies show that generally speaking, earnings on petroleum operations are 1 to 2 percent under earnings on net worth for similar corporation engaged in manufacturing and trade. Any reduction in the depletion allowance inevitably would add to the business hazards of an already hazardous industry.

Naturally, I am interested as a Texan in the economic health of this important Texas industry.

But, Mr. President, I am even more interested as an American in keeping America strong. Oil is a vital factor in our national strength.

Exploration for oil is tied in closely with our national security. Only through exploration can we find more oil. Only if we continue to find more oil can we build and maintain the defense machine that we must have in readiness to guard our freedom—our survival as a Nation.

In addition to encouraging continued exploration, percentage depletion also has a very direct effect on production of petroleum from stripper wells.

Nearly 40 percent of the United States oil wells produce less than 6 barrels of oil a day. These are known as stripper wells. They are in a very real sense the backlog of our national oil supply, for every well some day will become a stripper.

These stripper wells could not operate without percentage depletion. They would be forced out of business, for their small margin of profit would simply fade into nothingness.

Mr. President, we can predict with certainty that very definite ill effects would result from tampering with percentage depletion.

The flow of oil from existing wells would be reduced.

Risks of exploration would become so great as to be prohibitive.

Reduction of the depletion allowance would bite into an industry that furnishes the lifeblood of 20th-century living.

Above all else, it would strike a blow at the very heart of our Nation's defense.

Mr. President, these are dangers we need not bring upon ourselves. I hope the Senate will reject the substitute amendment offered, and then will overwhelmingly reject the Williams amendment.

SEVERAL SENATORS. Vote! Vote!

Mr. MILLIKIN. Mr. President, I agreed to yield a couple of minutes to the Senator from West Virginia [Mr. NEELY].

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 2 minutes.

Mr. NEELY. Mr. President, the distinguished Senator from Illinois [Mr. DOUGLAS] has presented certain Republican Members of this body, who are supporting the Williams amendment, a seductive temptation to desert their leader, and his parliamentary proposal and march under the Douglas banner to battle for an amendment which is also designed to impair the depletion provision of the law.

I urge the Republicans to remain constant and screw their courage to the sticking point and then set it there as the prophet Samuel set the stone which he called Ebenezer between Mizpeh and Shen—and thus continue with the Williams amendment instead of crippling it by accepting the substitute offered by the Senator from Illinois. Say to him, as the Saviour said to Satan who tempted him—"Get thee behind Me, Satan."

Mr. DOUGLAS. Mr. President, will the Senator from West Virginia yield?

Mr. NEELY. If I have the time.

Mr. DOUGLAS. Is the proposal actuated by the fear that the amendment of the Senator from Illinois might be agreed to, whereas the amendment of the Senator from Delaware might not be agreed to?

Mr. NEELY. No, I am simply trying to keep the Senator from Illinois from committing suicide on the 2d of November. I am trying to help reelect him to the Senate, but I am having a "heck" of a time doing it. [Laughter.]

SEVERAL SENATORS. Vote! Vote!

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

Mr. DOUGLAS. Mr. President, I again ask for the yeas and nays. Every man has a right to commit suicide. [Laughter.]

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois to the amendment of the Senator from Delaware. [Putting the question.] The "noes" seem to have it——

Mr. DOUGLAS. Mr. President, I ask for a division.

On a division the amendment of Mr. DOUGLAS to the amendment of Mr. WILLIAMS was rejected.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS].

The amendment was rejected.

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

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

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

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

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

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, 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 House to the joint resolution (S. J. Res. 72) to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines; to provide for the rehabilitation of the interisland commerce of the Philippines, and for other purposes.

The message also announced that the House had passed a joint resolution (H. J. Res. 552) making temporary appropriations for the fiscal year 1955, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 552) making temporary appropriations for the fiscal year 1955, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

SALE OF CERTAIN VESSELS TO CITIZENS OF THE PHILIPPINES—CONFERENCE REPORT

Mr. POTTER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the joint resolution (S. J. Res. 72) to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines; to provide for the rehabilitation of the interisland commerce of the Philippines, and for other purposes. I ask unanimous consent for the immediate consideration of the report.

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

The legislative clerk read the report. (For conference report, see House proceedings of today.)

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

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

Mr. POTTER. Mr. President, this is a conference report on a bill which the Senate passed, which transferred to the Republic of the Philippines 8 ships, which I believe had been chartered by the Philippines for the past 8 years. In the bill as it left the Senate the sale of the ships was authorized to citizens of the Republic of the Philippines. The House struck out the sales provision and authorized the continued chartering of the ships on the same basis which had been in effect for the past 8 years. However, in conference, after it was pointed out by Members of the House that certain discriminations had been imposed by the Government of the Republic of the Philippines upon some of our shipping and other economic interests, it was agreed that if those discriminations were removed, the sale of the ships as previously provided by the Senate might be made.

I ask unanimous consent that the Senate recede from its position and agree to the conference report.

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

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

Mr. JOHNSON of Texas. Was the report agreed to by all the Senate conferees.

Mr. POTTER. It was agreed to by all the Senate conferees. I just called the Senator from Washington [Mr. MAGNUSON], who is the ranking Democratic member, and he said the report was perfectly agreeable to him.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

CONSTRUCTION OF CERTAIN NAVAL VESSELS

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 8571) to authorize the construction of certain naval vessels, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SALTONSTALL. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SALTONSTALL, Mr. BRIDGES, and Mr. RUSSELL conferees on the part of the Senate.

RETIREMENT OF GEN. CLIFTON CATES, USMC

Mr. KEFAUVER. Mr. President, Gen. Clifton B. Cates, a distinguished son of Tennessee, retired from active duty today after 37 years with the United States Marine Corps.

I know that I express the views of his fellow citizens at home when I say we are proud of him, proud of the record he has made, and grateful for the long, faithful service he has rendered.

General Cates was born in Tiptonville, Lake County, not far from the Mississippi River, in 1893.

After obtaining a law degree from the University of Tennessee, he reported for duty with the Marine Corps. That was only a few weeks after our entry into World War I. During that war, he participated in five major military operations.

Mr. President, I am told that General Cates is one of the few officers in any branch of the Armed Forces who have commanded a platoon, a company, a battalion, a regiment, and a division under fire.

He rose through the ranks to become the 19th Commandant of the Marine Corps in 1948, serving in that capacity until 1952. His most recent duty has been as Commandant of the Marine Corps Schools at Quantico.

His assignments have ranged from duty at sea with the fleet to duty at the White House. All have been performed with rare fidelity and great diligence.

During World War II, General Cates commanded the 1st Marine Regiment in the Guadalcanal-Tulagi landings and the capture and defense of Guadalcanal. He fought as commander of the 4th Marine Division in the Marianas campaign, on Tinian, and in the operations against Iwo Jima.

At Guadalcanal, he won the Legion of Merit with Combat V. He won the Distinguished Service Medal at Tinian and a Gold Star in lieu of a second Distinguished Service Medal at Iwo Jima.

These are only a few of the many decorations bestowed upon Clifton Cates over the years. And there is not a "courtesy" decoration among them. He has won them all honestly, by his leadership and his dauntless courage.

I believe that courage is well illustrated by an incident that took place during the Aisne-Marne offensive in France in 1918.

On July 19 of that year, the following message was received by Maj. Thomas Holcomb, then a battalion commander of the 6th Marines:

> I am in an old abandoned French trench bordering on road leading out of your CP and 350 yards from an old mill. I have only 2 men left out of my company and 20 out of other companies. We need support, but it is almost suicide to try to get it here, as we are swept by machinegun fire and a constant artillery barrage is upon us. I have no one on my left and only a few on my right. I will hold.

The message was signed, "Cates, 2d Lt., 96th Co."

Clifton Cates did hold, and his determination was in the best tradition of American military service.

We are sorry to see his honored name go off the active-duty rolls, but we would be rash indeed to expect him to go into a rocking-chair kind of retirement.

For a great many years, we expect to draw inspiration and strength from these characteristic words of General Cates: "I will hold."

ORDER FOR RECESS

Mr. KNOWLAND. Mr. President, it is planned to recess the Senate shortly. The Senator from Oregon [Mr. MORSE], however, has asked for an opportunity to make a brief statement on an entirely different subject.

I ask unanimous consent that when the Senate completes its labors this evening it stand in recess until 11 o'clock tomorrow morning.

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

Mr. KNOWLAND. Mr. President, I yield to the Senator from Oregon.

COPYRIGHT CONVENTION

Mr. MORSE. Mr. President, I wish to make a few brief remarks in reply to the Senator from Iowa [Mr. HICKENLOOPER], who made a statement yesterday in connection with the copyright convention. It will be recalled that the Senator from Iowa gained permission to make his brief remarks by interrupting the Senator from Oklahoma [Mr. KERR], who had the floor at the time. I announced that as soon as I could do so I would take the floor in my own time and answer the Senator from Iowa.

Unfortunately, because of the time limitation under which we were working yesterday, it was impossible to make my reply yesterday. The majority leader has granted me permission to make this brief statement at this time. I wish to restate my position on the copyright convention that we sought to have returned from the White House yesterday. It will be recalled that our motion to reconsider the vote by which the convention had been approved was defeated by a motion to lay on the table.

I call the attention of the Senate to a bad precedent established yesterday, which I think is one of the most unfortunate precedents to have been set during the 9 years I have been in the Senate. I have talked to some members of the Committee on Foreign Relations and they are unable to recall a similar precedent. I have tried to check the precedents in regard to this issue and I am satisfied that rarely if ever has the Senate acted favorably upon a proposed treaty that by its terms sought to prevent the Senate from attaching a reservation to it. It clearly violates the spirit of the separation-of-powers doctrine.

I have stood on the floor of the Senate and have defended the rights of Presidents, of both parties, to be protected under the doctrine of separation of powers. I took the position under the administrations of both Roosevelt and Truman that the separation-of-powers doctrine should be protected so far as legislative encroachment upon the Executive is concerned. I took the position this year that the separation-of-powers doctrine should be protected, so far as President Dwight Eisenhower was concerned, in connection with the memorandum opinion he had his Attorney General hand down in his behalf with regard to the position taken by the President in the midst of the McCarthy-Army hearings. The President was absolutely right, just as Roosevelt and Truman were right in the specific instances in which the separation-of-powers doctrine was raised during their administrations.

But, Mr. President, that doctrine works both ways. The separation-of-powers doctrine does not exist under our constitutional system merely to protect the President from legislative encroachment upon the power of the Executive. It exists also to protect the legislature from encroachment by the Executive upon the legislative power.

I wish to say that, in my judgment, the Senate was asleep in regard to protecting its constitutional rights when the copyright convention was before it. I use the word "asleep" figuratively in this argument. Let Senators look at article 20 of the copyright convention:

> Reservations to this convention shall not be permitted.

When the President of the United States sent that convention to the Senate, he violated the spirit and the intent of the separation-of-powers doctrine. I think the Senate should make it clear to this Executive and to any other Executive that we do not look with favor upon the sending to the United States Senate of a treaty containing an article which says that reservations to the treaty shall not be permitted. Such a declaration on the part of the Executive is a clear violation of the principle of the separation of powers. We have the constitutional duty and obligation to insist upon reservations to any treaty if we think public policy requires them.

I would say to Dwight Eisenhower that he should recognize that the doctrine of separation of powers works both ways. Not only is it binding upon the Senate of the United States in such an instance as when he raised it in connection with the McCarthy-Army hearings, but it is binding upon Dwight Eisenhower in connection with his sending to the Senate a treaty with an article in it which seeks to prevent the Senate from adopting reservations to the treaty.

In my judgment, the Senate Committee on Foreign Relations has something to answer for when it brings to the floor of the Senate a treaty containing such an invasion of the separation-of-powers doctrine. The Senate Committee on Foreign Relations never should have allowed the copyright convention to get out of committee until the President of the United States had first agreed to the elimination of article 20 from the convention.

I hope, Mr. President, that this is the last time we shall have a President of the United States sending to the Senate a treaty by which he seeks to tie the hands of the Senate under the treaty-ratifying clause of the Constitution, by taking the

position that no reservations to the treaty or convention shall be permitted.

I am simply at a loss to understand how the Committee on Foreign Relations let that kind of attempted restriction on the constitutional power of the Senate of the United States slip by them.

Not only do I object to the convention on that ground, but I repeat my objections to it on the grounds I raised yesterday in reply to the Senator from Iowa [Mr. HICKENLOOPER] when he said, in the course of his argument:

> 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.

I reply to the Senator from Iowa by reasserting what I said before. The convention obviously, by its terms, discriminates against American publishers and American labor. I said:

> 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.

Mr. President, when that discrimination is given in favor of foreign writers and foreign publications, it is discrimination against the publication of books and other copyright material in this country.

What I went on to point out, is a complete answer to the Senator from Iowa, who states a generality, and does not answer the specific argument which shows discrimination against us. I said:

> 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.

But that is the only privilege which is given him under the situation which existed prior to the adoption of the convention. He could bring in 1,500 copies; and then, if he decided it was a good market for his work, he had to publish it in the United States. How can anyone say that the elimination of that requirement does not discriminate against workers in the book industry in the United States? Of course, it does, because that protection is removed from the convention. Note further:

> 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.

They are not going to send their works into the United States to be published; they are going to have them published elsewhere in the world, where it can be done at a much cheaper rate under the privileges granted by this new copyright convention:

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

Do not forget that American authors cannot take advantage of the cheaper publication rates abroad. They will still have to publish through American publishing houses. But foreign authors under this convention are not so restricted.

This is my answer to the Senator from Iowa, and he does not meet it by simply making the assertion that there is no discrimination against American workers or American publishers.

I am fully aware of the fact that the record of the hearings shows that American authors and American publishers favored the convention. But, Mr. President, the Senate does not ratify treaties and copyright policies merely to satisfy and please authors and publishers. We adopt them, whatever the provisions of any convention may be, because we believe them to be in the national interest.

Since when, Mr. President, does the representation of any particular group automatically decree that we should adopt a convention that such a group wants, if, in fact, we believe, or if we have cause to believe, it is not in the public interest to do so?

If we go into the facts of the situation thoroughly, as I pointed out in my speech yesterday, these discriminatory factors do not make this new copyright convention in the public interest.

Then the Senator from Iowa had this to say about the Russian situation:

> 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.

I respectfully point out that, in my judgment, the Senator from Iowa was also wrong in that assertion. Let us take a look at the situation in regard to the advantages which Red Russia and Red China get under this convention. Russia, China, and other countries have announced they will not adhere to the convention. The Senate ratified the convention in the face of the notice of Red China and Russia that they are not going to be a party to it. Further, let it be noted as I pointed out yesterday that 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.

The Communists are able to take advantage of this new copyright convention by capitalizing on its advantage to them but American authors have no similar advantage afforded to them in Russia or China, as I argued yesterday:

> 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 Communists did not have such advantages prior to the adoption of the convention. When the Senator from Iowa states that they were able to do prior to the convention what they will be able to do under the convention, he is wrong. Under the conditions which preceded the adoption of the convention, we had the power to prevent Russian publishing in this country, and we could have exercised the power to prevent it. We also had the power to prevent Russian materials from being distributed in this country if printed elsewhere. The Senator from Iowa referred to the committee's report on this matter but in doing so he rebutted himself. I call attention to what his long committee report states in regard to the very argument I made concerning the advantages the convention gives Red Russia, which argument applies also to Red China.

The committee report sets forth the argument I made yesterday:

It has also been asserted that the convention will afford an opportunity to the Soviet Union and other Iron Curtain countries to secure copyright protection for works of their citizens, in the United States, whereas American works will not receive reciprocal protection in those countries. As a result, it is contended, American dollars will find their way into the U. S. S. R. and its satellites from the use of Russian works here. Soviet citizens, moreover, will have the right to forbid or control the use of their works in the United States, without corresponding benefits for Americans in the Soviet areas.

How does the committee seek to answer that argument? This is the rationale the committee used to try to explain away unfair discrimination against the United States, and in favor of Red Russia and China. The committee report reads:

Viewed realistically, Soviet policy would seem to be more concerned with encouraging widespread dissemination of the published works of its subjects than with achieving restrictions upon that use. In any event, the question of dollar gain realized from sales or infringement actions appears to fall within the province of currency control measures, not copyright protection.

In my judgment, that is a serious fallacy. When we are dealing with a copyright issue, we have the duty, in my opinion, to insist upon the adoption of a treaty which will prevent Russia from following the very course of action which the committee states in the first paragraph on this issue Russia can follow to its advantage over American authors. The answer is not currency control as the committee suggests but rather copyright control. The committee report then states:

It may be conceded that, if a national of an Iron Curtain country were to publish his work first in a member country of the Universal Copyright Convention with appropriate copyright notice, the United States as well as the other parties would be obligated to give it protection under article II, paragraph 1, of the convention.

And that is my argument. Of course, the committee has to concede it, because that is exactly the escape hole that the Red Chinese and the Russians will use and can use under the convention. The Committee on Foreign Relations ought to have insisted on blocking the hole instead of trying to explain it away with rationalizations that Russia is more interested in disseminating propaganda than in getting dollars.

The committee report continues:

This is precisely the state of affairs which has existed for so many years under the Bern convention, and which enabled our own citizens to secure protection through the "side door."

There was not a country under the Bern convention which did not have the reserved right to stop that practice by Americans, any time they wanted to stop it, by the passing of a domestic law. To the extent that America exercised the side door right under the Bern convention, it was at the sufferance of the country whose side door was being used.

Under this convention we give away our right to pass a domestic law that will prevent the Russians from using a so-called side door approach. I pleaded against that yesterday. That is why a good many of my colleagues who voted with me yesterday came to me afterward and said it was perfectly clear that what we were giving away was our right to close America's side door by passing a domestic law which would prevent the Russians from doing the very thing which the committee, in its report, admitted it was against. The report stated that we had been doing so for many years past under the Bern agreement. What relevancy does that have to the policy of the convention which was ratified last Friday? None at all. It is a perfectly irrelevant argument, because the difference between the situation which existed under the Bern agreement and the situation which will exist under the copyright convention is that under the Bern agreement any one of the foreign countries could have stopped us from using the so-called side door any time they wanted to, by passing a domestic law with a prohibition against it. In this convention we not only welcome the so-called side door in America, but we "treaty" away our power to close it to the Russians and the Red Chinese. One has only to read the committee's own report to see that the report rebuts the argument of the Senator from Iowa made on the floor of the Senate yesterday.

The report continues:

On the other hand, the nationals of Iron Curtain countries have always enjoyed protection in the United States under the common law for their unpublished works, even though no corresponding rights were enjoyed by American nationals in those areas.

We have always had the power to stop it. We have always had the power to pass a domestic law to prevent it, thereby modifying the common law. Under the treaty, we give away that right. We should have had a reservation added to the treaty permitting the Congress of the United States to retain its power to pass domestic law which would have prevented the Russians from using the side door, as they can do under this convention.

Then the committee states in the report:

Yet this devious technique need not be followed for Communist literature to be protected in this country. Our statutes provide a more direct procedure. For example, books issued by the official publishing house of the Communist Party in the United States, such as English language translation of works by Russian party leaders, have been registered for copyright here.

As though that were an argument justifying a copyright convention that discriminates against our country, and in favor of Russia and Red China.

The answer to that argument in the committee report is, "Let us get busy and pass some legislation that will prevent the Communist Party in the United States from issuing the works that the committee says that party can now issue, anyway."

Mr. President, I wish to say that in my judgment that argument in the report is one of the weakest arguments in a committee report in support of a recommendation by a committee that I have ever read since I have been in the Senate of the United States. It is made in an attempt to justify what I consider to be a wrong in the copyright convention, by pointing out that another wrong is now being practiced, namely, that the Communist Party in the United States now has the power to disseminate Communist literature, by way of English translations.

Well, Mr. President, let us stop it. Let us not double a wrong, by opening a side door for the Russians and Red China, under this copyright convention, and then, by means of the treaty, denying to ourselves the power to pass domestic law that will prevent it.

Mr. President, I have made these comments today because in speaking today on the floor of the Senate, I am willing to suggest that we are going to live to regret two things about this copyright convention: We are going to live to regreat article XX and the precedent it established. Let me say that I hope that at least my remarks will serve as a warning to this administration or any other administration that if it has the audacity to send in the future to the Senate a treaty that is a clear violation of the spirit and intent of the separation of powers doctrine it will be headed for trouble.

Second, I think we shall live to regret the ratification of this treaty, because in my judgment it will prove to be a discrimination against the best interests of the United States, in relation to the spread of Communist propaganda within our borders.

REVISION OF INTERNAL REVENUE LAWS—AMENDMENTS

Mr. MORSE. Mr. President, I submit an amendment intended to be proposed by me to the bill (H. R. 8300) to revise the internal revenue laws of the United States. I ask unanimous consent that the amendment, together with a statement by me, be printed in the RECORD. I wish to have the amendment printed and lie on the table, so I can call it up before the debate on the bill is over.

The PRESIDING OFFICER. The amendment will be received, and printed, and will lie on the table; and, without objection, the amendment and statement will be printed in the RECORD.

The amendment submitted by Mr. MORSE is as follows:

On page 20 of the committee amendments, strike out lines 8 through 21 and insert:

"(d) Wage continuation plans: Gross income does not include amounts referred to in subsection (a) if such amounts constitute wages or payments in lieu of wages for a period during which the employee is absent from work on account of personal injuries or sickness; but this subsection shall not apply to the extent that such amounts exceed a weekly rate of $100. If such amounts are not paid on the basis of a weekly pay period, the Secretary or his delegate shall by regulations prescribe the method of determining the weekly rate at which such amounts are paid."

The statement by Mr. MORSE is as follows:

STATEMENT BY SENATOR MORSE

The purpose of this amendment is to remove a restriction in section 105 of the

proposed code in respect to benefits received from health and accident programs which are not included in gross income of employees.

Under present law amounts received as accident or health benefits under employer pension plans are exempt if paid under a contract of insurance and are taxable if paid under noninsured plans.

H. R. 8300 as reported by the Senate Committee on Finance would extend the same treatment to sickness and accident benefits financed by employers whether paid under insured or noninsured plans. In addition, a Committee amendment provides that amounts paid by an employee association are eligible for exemption.

A limitation of $100 per week has been placed on amounts excluded from gross income when received as compensation for loss of wages under a so-called disability plan. In my judgment this is a wise limitation, because it is my understanding that in the past corporation executives and other high-salaried employees have been able to draw the amounts of their regular salaries as tax-exempt "disability" benefits from special plans while on extended vacations taken on "doctor's orders."

Certainly the intent of the law should be to allow an exemption only in the case of disability payments made to a worker while he is off work on account of a real illness or injury. In very few cases would disability benefit payments under legitimate plans exceed $100 per week.

However, the Committee has recommended that the exclusion from gross income apply only to payments which are attributable to a period beginning 7 days after the beginning of the injury or sickness. In other words, the first week's disability payment—if a payment is received during the first week of an illness or injury—would not be exempt. The purpose of my amendment is to remove this 7-day limitation.

I am, of course, aware that most accident and health benefit plans include a so-called waiting period which the ill or injured person must go through before receiving disability benefits. The waiting periods under various plans may vary from 3 days to 2 weeks. The alleged purpose of these waiting period requirements in the plans is to limit payment of benefits to cases where the time off work indicates that there is an actual illness or injury rather than a temporary indisposition. The merit of such a requirement is a matter of some controversy among labor and employer groups.

Without commenting upon the merits of waiting periods in accident and health benefit plans, I want to say that I do not think it is the function of the Congress in passing an internal revenue law to attempt to legislate on the matter of how long a person must be off work to receive disability benefit payments. That is the function of the employers or insurers who set up the health and accident plans.

If the 7-day provision is allowed to remain in H. R. 8300, there is the very real possibility that the Congress is thereby discouraging plans which have no waiting period requirements or waiting periods of less than 7 days, and favoring plans which include required waiting periods of 7 days or more. I do not think this was the intent of the committee in including this provision in H. R. 8300.

Mr. MORSE. Mr. President, I submit amendments intended to be proposed by me to the bill (H. R. 8300) to revise the internal revenue laws of the United States. I ask unanimous consent that the amendments be printed in the RECORD.

The PRESIDING OFFICER. The amendments will be received, and printed, and will lie on the table; and, without objection, will be printed in the RECORD.

The amendments submitted by Mr. MORSE are as follows:

On pages 40 and 41 of the bill, in section 167, strike out subsections (b) and (c).

On page 41 of the bill, in section 167—

(1) In the heading to subsection (d), strike out "(d)" and insert "(b)."

(2) Strike out subsection (e).

(3) In the heading to subsection (f), strike out "(f)" and insert "(c)."

(4) In the heading to subsection (g), strike out "(g)" and insert "(d)."

(5) In the heading to subsection (h), strike out "(h)" and insert "(e)."

On pages 30 and 31 of the committee amendments, strike out amendments numbered (48), (49), (50), and (51).

EXTENSION OF COVERAGE UNDER OLD-AGE AND SURVIVORS INSURANCE PROGRAM—AMENDMENTS

Mr. MORSE. Mr. President, I submit amendments intended to be proposed by me to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes. I ask unanimous consent that the amendments, together with a statement by me, be printed in the RECORD.

The PRESIDING OFFICER. The amendments will be received, will be referred to the Committee on Finance, and will be printed; and, without objection, the amendments and statement will be printed in the RECORD.

The amendments submitted by Mr. MORSE are as follows:

On page 7, line 13, strike out "or."

On page 7, strike out all on line 15 and insert in lieu thereof the following: "began, or (iii) any part of whose remuneration for such service is deemed under section 1426 (1) (8) of the Internal Revenue Code to constitute remuneration for employment for the purposes of this subsection."

On page 8, line 7, strike out "or."

On page 8, strike out all on line 9 and insert in lieu thereof the following: "such period began, or (iii) any part of whose remuneration for such service is deemed under section 1426 (1) (8) of the Internal Revenue Code to constitute remuneration for employment for the purposes of this subsection."

On page 104, line 15, strike out "or."

On page 104, line 17, strike out "began;" and insert in lieu thereof the following: "began, or (iii) any part of whose remuneration for such service is deemed under section 1426 (1) (8) to constitute remuneration for employment for the purposes of this subsection."

On page 105, line 8, strike out "or."

On page 105, line 10, strike out "began;" and insert in lieu thereof the following: "began, or (iii) any part of whose remuneration for such service is deemed under section 1426 (1) (8) to constitute remuneration for employment for the purposes of this subsection."

On page 111, line 3, insert "(1)" after "(d)."

On page 111, between lines 10 and 11, insert the following:

"(2) Section 1426 (1) is further amended by adding at the end thereof the following new paragraph:

"'(8) Individuals who failed to sign list: Notwithstanding the foregoing provisions of this subsection, in any case in which—

"'(A) an individual has been employed by an organization which has filed a certificate under this subsection waiving its exemption from income tax under section 101 (6);

"'(B) the service performed by such individual during the time he was so employed would have constituted employment (as defined in sec. 210 of the Social Security Act and sec. 1426 (b)) if such individual's signature had appeared on the list of signatures of employees who concurred in the filing of such certificate;

"'(C) the taxes imposed by sections 1400 and 1410 have been paid with respect to any part of the remuneration paid to such individual by such organization for such service; and

"'(D) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b).'"

The statement by Senator MORSE is as follows:

STATEMENT BY SENATOR MORSE

This amendment is submitted for the purpose of correcting a situation existing under the present law which has caused great hardship to a number of our elder citizens.

Prior to the Social Security Act Amendments of 1950, services rendered for a nonprofit organization were not in covered employment. Under the provisions of the 1950 amendments nonprofit organizations were given an opportunity to qualify their employees for social-security coverage under the amended act. Section 210 (a) of the act reads in part, as follows:

"The term 'employment' means any service performed * * * by an employee for the person employing him * * * except that, in the case of services performed after 1950 such term shall not include—

* * * * *

"(9) * * * (B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (1) of the Internal Revenue Code, is in effect if such service is performed by an employee (i) whose signature appears on the list filed by such organization after the calendar quarter in which the certificate was filed."

Pursuant to the above section, and with the intention of qualifying its employees for social-security coverage, the Emanuel Hospital of Portland, Oreg., a nonprofit organization, circulated a list to be signed by its employees in 1950.

At that time there were among the employees at Emanuel Hospital, a Mrs. Hildur Peterson and a Hilda Peterson. When the hospital staff circulated the list of concurring employees required by section 210 (a) above, Hilda Peterson signed the list. A confusion of names resulted in the list not being submitted to Hildur Peterson for signature. Assuming, however, that Hildur Peterson had signed the list, deductions for old-age insurance were thereafter made from

Mrs. Peterson's wages, and Mrs. Peterson in turn assumed that she was receiving social-security coverage.

Mrs. Peterson, who had been employed at Emmanuel Hospital since 1945, terminated her employment in October 1952. In December of that year she applied for her social security benefits. She was then informed that no wage credits would be given her for employment at the hospital because of her failure to sign the list, and that she would receive minimum benefits under the Social Security Act based on employment outside of the hospital from 1937 to 1945.

Mrs. Peterson is now 72 years of age. She has been a widow for many years. She has supported and reared a fine family, but she was unable to set aside savings for her old age. Her son is now an overseas missionary, and she is being taken care of by her daughter, a person of very limited financial resources.

I am informed that there are probably 200 or more persons who have been denied social-security benefits in cases similar to that of Mrs. Peterson. The Treasury Department has advised me that representatives of that Department and the Department of Health, Education, and Welfare have been aware of many hardship cases and have discussed the problem at various times. Apparently no affirmative action has been taken to correct it.

The Treasury Department recently informed me of the case of an aged employee of an exempt organization who was confined in a hospital at the time the organization was circulating its list. When she returned to her employment she was informed that the signatures of the necessary two-thirds concurring employees had been obtained. She assumed that her signature was not required to qualify her individually for social-security coverage. Although in poor health, she continued to work for the organization for some time in the expectation that she could build up enough wage credits to entitle her to benefits on retirement. When she terminated her employment and applied for benefits she was informed that she was not entitled to wage credits for her employment at the exempt organization because she had not signed the required list.

I am advised by the Treasury Department that hardship cases resulting from errors in respect to signing of concurring lists fall into three general categories:

(a) Where an individual receiving old-age benefits while employed by a 101 (6) organization signs the list of concurring employees and as a result loses benefit status for any month beginning on or after the effective date of the waiver in which he receives wages in excess of $75 from the organization.

(b) Where an individual employed at the time the waiver is filed fails to sign the list through oversight or misunderstanding. While still employed but after the period for amending the list has expired, the employee becomes aware of the consequences of failure to sign. Coverage is denied, insofar as his services for the organization are concerned, unless he is discharged and thereafter reemployed by the organization, in which case his services upon and after reemployment would be covered.

(c) Where an individual employed at the time the waiver is filed does not sign the list in the mistaken impression that signature is not prerequisite to coverage after a two-thirds concurring vote of employees has been obtained. This employee does not discover his error until such time as he applies for and is denied benefits. (This is the case of Mrs. Peterson and the other person given above as examples.)

The purpose of my amendment is to give to the agency concerned the authority which it claims it lacks to authorize additions to or deletions from concurring lists in cases of excusable error.

The Treasury Department has advised me that H. R. 9366, which is now being considered by the Senate Committee on Finance, includes provisions for relief for persons in the first and second of the categories above, but that persons in the third category would not be relieved by H. R. 9366.

It is my sincere hope that the Committee on Finance will see fit to adopt the amendment which I have submitted before it reports H. R. 9366 to the Senate, and that the Senate will take favorable action on the amendment during this session.

Most of the persons who would be helped by passage of this amendment are in great need of financial assistance, and I feel that it is urgent that they receive as soon as possible the social security benefits to which I am sure all of the members of the Senate will agree they are entitled.

RESOLUTION OF NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution I have received from the National Association of Retired Civil Employees, Eugene Chapter, No. 79, of Eugene, Oreg. The resolution is signed by C. C. Henderson, president; and Linus W. Lindley, secretary-treasurer.

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

RESOLUTION ADOPTED BY EUGENE CHAPTER, NO. 79, OF THE NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES IN A MEETING AT EUGENE, OREG., ON JUNE 16, 1954

Whereas the act of July 16, 1952 (Public Law 555, 82d Cong.), granted increases in annuities of retirees on a temporary basis expiring June 30, 1955; and

Whereas H. R. 8894 has been introduced in this Congress and provides among other features that the annuity increases be placed on a permanent basis and that the increases be paid from the civil-service retirement fund; and

Whereas the provision in H. R. 8894 that the increases be paid from the civil-service retirement fund will effect a very substantial saving from the taxpayers of this country because of the item of $29,600,000 for temporary annuity increases in the independent offices appropriation bill, which item has already been approved by the House and Senate, will not have to be withdrawn from the United States Treasury for that purpose if H. R. 8894 or a similar bill is passed during this session of Congress; and

Whereas under Public Law 555, 82d Congress, eligibility for the increases in annuities is now limited to those retiring on or before April 1, 1952, and the maximum limited to $324 or 25 percent of the annuity, whichever was the lesser: Therefore be it

Resolved, That the United States Senators and the Representatives in Congress from our State of Oregon be requested to use their influence to urge the Committee on the Post Office and Civil Service of the House of Representatives to promptly report H. R. 8894 which (a) seeks to make the temporary increases permanent; (b) removes certain restrictions on participation; (c) extends the date of eligibility to those retired April 1, 1953, and before; (d) increases the maximum amount of increase to $396 or 33⅓ percent, whichever is the lesser, and (e) provides that a separate annuity purchased in addition to the regular annuity shall be considered separately in computing the increases.

Resolved further, That copies of this resolution be conveyed to members of the Committee on the Post Office and Civil Service of the House of Representatives imploring their very prompt consideration of H. R. 8894 to the end that action thereon be completed at this session so that civil-service retirees may receive the fair increase they are justly entitled to and so that a saving of $29,600,000 may be effected for the taxpayers.

Resolved further, That copies of this resolution be sent to the President of the United States, Hon. Dwight D. Eisenhower; the President of the United States Senate, Hon. Richard M. Nixon; and the Speaker of the House of Representatives, Hon. Joseph W. Martin, Jr., imploring them to urge that prompt action be taken on H. R. 8894, in order that a saving of $29,600,000 for the taxpayers may be effected during this session of Congress and that the civil-service retirees may receive a just increase to off-set the deflated value of their annuity dollars and that their special attention be directed to the fact that the increase will be entirely paid from the civil-service retirement fund which has a credit balance approaching $6 billion and was built up by substantial monthly deductions from the salaries of civil-service employees.

C. C. HENDERSON,
President.
LINUS W. LINDLEY,
Secretary-Treasurer.

RESOLUTIONS OF LEWIS-CLARK WILDLIFE CLUB

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD resolutions of the Lewis-Clark Wildlife Club, of Lewiston, Idaho. The resolutions are signed by Morton R. Brigham, president; and Jack O'Connor, secretary. The resolutions deal with the position this club takes concerning the wholesale destruction of fish, deer, elk, and highways that would occur as a result of construction of the proposed Bruce's Eddy and Penny Cliffs Dams, on the Clearwater River.

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

Be it resolved, that the Lewis-Clark Wildlife Club request the Congress of the United States to discard all findings and reports of Col. F. S. Tandy of the Walla Walla office of the Army engineers relative to the proposed Bruce's Eddy and Penny Cliffs Dams on the Clearwater River because of his calloused indifference to wholesale destruction of fish, deer, elk, and highways; because of his deliberate withholding of public information prior to the November 20, 1953, Orofino hearing; and because of his obvious bias, persistent lobbying for the dams, and repeated public statements without factual basis relative to the effects of these projects on fish and wildlife.

LEWIS-CLARK WILDLIFE CLUB,
By MORTON R. BRIGHAM, *President.*
JACK O'CONNOR, *Secretary.*
Date passed, June 7, 1954.

Be it resolved, That the Lewis-Clark Wildlife Club express vigorous opposition to authorization of the proposed Bruce's Eddy and Penny Cliffs dams in the Clearwater drainage as outlined in H. R. 8981 introduced May 4, 1954 by Representative ANGELL of Oregon, because of the wholesale destruction these dams would cause to fish, deer, elk, fur bearers and highways; because of the fact that adequate surveys have not been carried out relative to the effect of these dams on wildlife; and because of the many alternate sites for dams that exist in this area.

LEWIS-CLARK WILDLIFE CLUB,
By MORTON R. BRIGHAM, *President.*
JACK OLIVER, *Secretary.*
Date passed, June 7, 1954.

RESOLUTION AND LETTER FROM NORTHWEST PUBLIC POWER ASSOCIATION

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD a letter addressed to the Hon. CHARLES A. WOLVERTON, chairman of the House Committee on Interstate and Foreign Commerce, and signed by Gus Norwood, executive secretary of the Northwest Public Power Association.

The letter includes a resolution in opposition to passage of House bill 8202, which relates to the proposed exemption from Securities and Exchange Commission regulation of certain supergenerating corporations wholly owned by electric-utility companies.

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

NORTHWEST PUBLIC POWER ASSOCIATION, INC.,
Vancouver, Wash., June 1, 1954.

Hon. CHARLES A. WOLVERTON,
Chairman, House Committee on Interstate and Foreign Commerce, House Office Building, Washington, D. C.

DEAR CONGRESSMAN WOLVERTON: In a letter to you dated April 26, 1954, this association tentatively voiced its disapproval of H. R. 8202. On further study, the board of trustees of the Northwest Public Power Association at its May 19, 1954, meeting in Seattle formally took a position opposing this bill as indicated in the following resolution:

"H. R. 8202

"Whereas a bill, H. R. 8202, has been introduced in the Congress for the purpose of changing the definition of electric utilities in the Public Utility Holding Company Act of 1935 so as to exempt from Securities and Exchange Commission regulation such super generating corporations as the Ohio Valley Power Co., Electric Energy, Inc., and Pacific Northwest Power Co., which are wholly owned by electric-utility companies; and

"Whereas the enactment of H. R. 8202 may become a gateway for exempting a considerable percentage of generating investment of private utilities by artificially encouraging the formation of such separate generating corporations for the purpose of dodging regulation; and

"Whereas to permit such exemption may encourage a return to certain holding company practices and financial manipulations of 25 years ago: Now, therefore, be it

"*Resolved,* That the Northwest Public Power Association, in order that the public interest may be best protected, urges that H. R. 8202 not be passed by the Congress."

Respectfully yours,

GUS NORWOOD,
Executive Secretary.

LETTER FROM NORTHWEST PUBLIC POWER ASSOCIATION

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD a letter addressed to the Senator from Ohio [Mr. BRICKER], the chairman of the Senate Committee on Interstate and Foreign Commerce, and also signed by Gus Norwood, executive secretary of the Northwest Public Power Association.

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

NORTHWEST PUBLIC POWER ASSOCIATION, INC.,
Vancouver, Wash., June 1, 1954.

Senator JOHN W. BRICKER,
Chairman, Senate Committee on Interstate and Foreign Commerce, Senate Office Building, Washington, D. C.

DEAR SENATOR BRICKER: The Northwest Public Power Association representing electric systems serving some 1,700,000 people desires to testify in opposition to S. 3434, a bill to amend section 10 (f) of the Federal Power Act. We recommend that this bill not be passed, or in the alternative, that subsections (b) and (f) of the new proposed section 31 of the Federal Power Act be deleted in the proposed amendment.

For over three decades private electric corporations have been granted 50-year leases on tremendously valuable Federal waterpower sites under FPC license with the understanding that under section 10 (f) any downstream Federal dam, present or future, will not be required to pay rent, toll, or tribute to the builder of any upstream storage reservoir. This provision has been sound in law and fair in equity because the sovereign people of the United States own the waterpowers of the great rivers. Free storage benefits to downstream Federal dams is part of the bargain, part of the quid pro quo, for the FPC license. It is part of the inherent characteristic of the site which has not been licensed away.

An FPC license does not confer ownership. It grants merely a lease, which in itself is most valuable, even though the title to the waterpower resource remains in the name of the public. The Federal Government continues to own every site for which a license has been granted, and under the law it may recover those sites upon payment for the net investment in improvements made thereon in the form of power dams.

It is inconceivable that the people of the United States, as the owners of Bonneville Dam, should pay tribute to an upstream private utility merely because that utility was granted use of a valuable upstream waterpower privilege which also belongs to the people. This would be like paying rent on your own property.

Respectfully yours,

GUS NORWOOD,
Executive Secretary.

RESOLUTION OF RIVERVIEW FARMERS' UNION 113, OF SCIO, OREG.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution from the Riverview Farmers' Union 113, of Scio, Oreg., signed by Walter Johnson, president. The resolution supports the continuation of rigid price supports. I wish to say that I am very happy to endorse the resolution and to join in the representations set forth therein.

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

RESOLUTION IN FAVOR OF RIGID PRICE SUPPORTS

Whereas there is now before both the House of Representatives and the Senate, a bill providing that the present 90 percent of parity price support shall be continued in effect; and

Whereas our Nation should consider the abundance of food and fibre as blessings coming from the favor of God, together with the industry of our farmers; and

Whereas net farm income has been declining for the majority of farm crops while expenses to produce them continues high; and

Whereas the present laws subsidize many of our industries in amounts even greater than those granted to agriculture, for the purpose of assuring adequate supplies and a sound continuing economy: Therefore be it

Resolved, That Congress favorably review the blessings of our abundance in the light of distribution and not scarcity of production; and determine the facts as to whether or not, the family farmer can sell to a free market controlled by practically monopolistic distributors of their products; be it further

Resolved, That a copy of this resolution be sent to each of Oregon's Congressmen and the Secretary of Agriculture.

RIVERVIEW FARMERS UNION No. 113,
WALTER JOHNSON, *President.*
SCIO, OREG., *June 5, 1954.*

RESOLUTION OF COOS COUNTY FARM BUREAU

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution from the Coos County Farm Bureau, signed by Miss Mildred Borgard, secretary, of Coquille, Oreg., and dealing with the Coquille River flood-control project.

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

RESOLUTION ON COQUILLE RIVER FLOOD-CONTROL PROJECT

Whereas on January 18, 1949, the Senate Committee on Public Works adopted a resolution calling for a review of the 1941 Coquille River flood-control project to determine if any modification of the existing project is desirable; and

Whereas during recent years flood damage is becoming more serious to farmland, roads, homes, and other property and in some cases is a menace to public safety; and

Whereas it appears certain that other benefits including irrigation, sanitation, recreation, additional water for industrial use in our cities and additional electrical power along with flood control will justify watershed development: Now, therefore, be it

Resolved by the Coos County Farm Bureau, That T. H. Lipscomb, colonel, Corps of Engineers, district engineer, Portland, Oreg., district, be requested to arrange for the authorized review of the Coquille River project as soon as possible; be it further

Resolved, That we request our representatives in the Congress to arrange for funds necessary to complete the review report.

Adopted April 13, 1954.

COOS COUNTY FARM BUREAU,
By MILDRED BORGARD, *Secretary.*
COQUILLE, OREG.

RESOLUTION OF MULTNOMAH CHAPTER OF OREGON ASSOCIATED COUNCIL OF THE BLIND

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution from the Multnomah chapter of the Oregon Associated Council of the Blind, signed by John J. Zimpelman, president, and Jeanne Moore-Schauer, secretary. The resolution is in the form of a letter addressed to me, and deals with the problems of the blind.

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

OREGON ASSOCIATED COUNCIL OF THE BLIND,
Portland, Oreg., June 17, 1954.

Hon. WAYNE L. MORSE,
The United States Senate,
Washington, D. C.

DEAR SIR: The following resolution was unanimously approved by the Multnomah Chapter of the Oregon Associated Council of the Blind at their regular meeting of June 15, 1954:

"Whereas we consider that more adequate employment be provided for the legally blind; and

"Whereas to date, the privilege of the blind to operate vending stands and cafeterias in Federal buildings has not been adequately available where such space is provided; and

"Whereas it is a proven fact that the legally blind are capable of the operation of such vending stands and cafeterias: Therefore be it

"*Resolved,* That the Multnomah Chapter of the Oregon Associated Council of the Blind petition its Oregon congressional delegation to introduce adequate legislation to reserve all vending stand and cafeteria areas in Federal buildings to the legally blind only; and be it further

"*Resolved,* That copies of this resolution be sent to the Oregon congressional delegation, the House and Senate Committees on Social Legislation, Dr. Harold Erickson, chairman for the Commission of the Blind in the State of Oregon, and to the Portland daily papers."

Respectfuly submitted.

JOHN J. ZIMPELMAN,
President, Multnomah Chapter.
By JEANNÉ MOORE-SCHAUER,
Secretary.

RESOLUTION OF PORTLAND MAILERS' UNION No. 13

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution contained in a letter addressed to me by the Portland Mailers' Union No. 13, of Portland, Oreg., signed by W. H. Fox, secretary-treasurer, and dealing with certain legislative problems in connection with tax matters, as raised by that union.

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

PORTLAND MAILERS' UNION, No. 13,
Portland, Oreg., June 16, 1954.

Senator WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR MR. MORSE: The following resolution was adopted by our union and was to be sent to the President of the United States, Senators, and Representatives of Oregon:

"Whereas the International Typographical Union has practiced benevolence and fraternalism for over 100 years; and

"Whereas the International Typographical Union has paid over $100 million in pensions to its sick and superannuated members; and

"Whereas the International Typographical Union pioneered in creating pensions for members unable to work because of age or disability; and

"Whereas over 9,000 retired printers and mailers depend upon ITU pension payments for the necessities and little comforts of life; and

"Whereas in 1934, and for 20 years thereafter, the Department of Internal Revenue considered ITU pensions charitable and therefore not taxable; and

"Whereas the administration now in office favors tax concessions amounting to billions of dollars for the wealthy holders of corporate stocks; and

"Whereas this year the Department of Internal Revenue has officially ruled pensioners must include ITU pension payments received as taxable income when computing their income taxes for 1954; and

"Whereas neither the national budget nor the scales of justice can be balanced by taking pennies from pensioners and giving millions to millionaires: Therefore be it

"*Resolved,* That Portland Mailers Union, No. 13, at this regular union meeting, go on record as protesting as discriminatory, uncharitable, and unfair the ruling made by the Internal Revenue Department which places taxes on union pensions."

Adopted unanimously by Portland Mailers Union, No. 13, at their regular meeting May 16, 1954.

Sincerely,

W. H. FOX,
Secretary-Treasurer.

RECESS

Mr. GORE. Mr. President, under the order previously entered, I now move that the Senate stand in recess until tomorrow, at 11 o'clock a. m.

The motion was agreed to; and (at 8 o'clock and 16 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Thursday, July 1, 1954, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 30, 1954

The House met at 10 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Most merciful and gracious God, wilt Thou now kindle within our souls a spirit that is more akin to Thy spirit, the spirit of wisdom and understanding, of sympathy and service.

We humbly confess that we are not wise enough to solve our many difficult problems and to interpret rightly the meaning of the hard and baffling experiences which we are continually encountering.

Show us how we may lay hold of the great eternal resources of spiritual insight and power as we seek to achieve the blessings of freedom and peace for ourselves and all mankind.

Grant that daily we may grow in faith and fidelity and be strengthened with courage to labor and with patience to wait for the time when the souls of men and nations shall be filled with the spirit of love and good will.

In the name of our blessed Lord we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

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

The message also 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. 303. An act to transfer the maintenance and operation of hospital and health facilities for Indians to the Public Health Service, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House of Representatives to Senate amendment No. 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."

LEGISLATIVE - JUDICIARY APPROPRIATION BILL, 1955

Mr. BOW. Mr. Speaker, I call up the conference report on 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, 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 Ohio?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 1997)

The committee of conference on the disagreeing votes of the two Houses on 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, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 48 and 61.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 10, 12, 13, 16, 18, 19, 20, 21, 28, 29, 30, 33, 34, 35, 37, 38, 39, 41, 49, 50, 51, 53, 57, 58, 59, and 64 and agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$4,717,636"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$875,000"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,332,000"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$260,000"; and the Senate agree to the same.

Amendment numbered 60: That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$12,850,000"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,443,550"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 9, 11, 14, 15, 17, 22, 23, 24, 25, 26, 27, 31, 32, 36, 40, 42, 43, 44, 45, 46, 47, and 63.

FRANK T. BOW,
SAM COON,
ERRETT P. SCRIVNER,
JOHN TABER,
MICHAEL J. KIRWAN,
J. VAUGHAN GARY,
CLARENCE CANNON,
Managers on the Part of the House.

KARL MUNDT,
STYLES BRIDGES,
LEVERETT SALTONSTALL,
BURNET R. MAYBANK,
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. 9203) making appropriations for the legislative branch and the judiciary branch 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:

TITLE I—LEGISLATIVE BRANCH

Senate

Amendments Nos. 1–47: Authorize funds for various Senate and joint activities, as proposed by the Senate, except Amendment No. 22 on which the House managers will propose to appropriate $120,775.

Amendment No. 48: Strikes out Senate language which proposed extension of the Civil Service Retirement Act to certain non-Federal employees.

Amendment No. 49: Appropriates $20,000 for the Joint Committee on Reduction of Nonessential Federal Expenditures, as proposed by the Senate.

Amendments Nos. 50 and 51: Appropriate $799,900 for subway and office building expenses, as proposed by the Senate.

Library of Congress

Amendment No. 52: Appropriates $4,717,636 for salaries and expenses instead of $4,500,000 as proposed by the House and $4,935,272 as proposed by the Senate.

Amendment No. 53: Appropriates $1,100,000 for salaries and expenses of the Copyright Office as proposed by the Senate instead of $1,000,000 as proposed by the House.

Amendment No. 54: Appropriates $875,000 for the Legislative Reference Service instead of $850,000 as proposed by the House and $916,079 as proposed by the Senate.

Amendment No. 55: Appropriates $1,332,000 for distribution of catalog cards instead of $1,250,000 as proposed by the House and $1,414,037 as proposed by the Senate.

Amendment No. 56: Appropriates $260,000 for general increase of the Library of Congress instead of $250,000 as proposed by the House and $270,000 as proposed by the Senate.

TITLE II—THE JUDICIARY

Amendment No. 57: Appropriates $210,160 for salaries and expenses, Court of Customs and Patent Appeals, as proposed by the Senate instead of $206,500 as proposed by the House.

Amendment No. 58: Appropriates $495,630 for salaries and expenses, Customs Court, as proposed by the Senate, instead of $500,000 as proposed by the House.

Amendment No. 59: Appropriates $5,472,500 for salaries of judges, Courts of Appeals, District Courts, and other Judicial Services, as proposed by the Senate instead of $5,650,000 as proposed by the House.

Amendment No. 60: Appropriates $12,850,000 for salaries of supporting personnel, instead of $12,750,000 as proposed by the House and $12,923,690 as proposed by the Senate.

Amendment No. 61: Appropriates $1,800,000 for travel and miscellaneous expenses, as proposed by the House, instead of $1,963,705 as proposed by the Senate.

Amendment No. 62: Appropriates $1,443,550 for expenses of referees instead of $1,400,000 as proposed by the House and $1,487,100 as proposed by the Senate.

TITLE III—GENERAL PROVISIONS

Amendment No. 63: Reported in disagreement.

Amendment No. 64: Changes section number in the bill, as proposed by the Senate.

FRANK T. BOW,
SAM COON,
ERRETT P. SCRIVNER,
JOHN TABER,
MICHAEL J. KIRWAN,
J. VAUGHAN GARY,
CLARENCE CANNON,
Managers on the Part of the House.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

Mr. BOW. Mr. Speaker, I ask unanimous consent to consider en bloc those amendments on which the House managers will move to recede and concur, as follows: Nos. 9, 11, 14, 15, 17, 23, 24, 25, 26, 27, 31, 32, 36, 40, 42, 43, 44, 45, 46, 47, and 63.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the amendments, as follows:

Amendment No. 9, page 2, line 17, insert:

"OFFICE OF THE VICE PRESIDENT

"For clerical assistance to the Vice President, at rates of compensation to be fixed by him in multiples of $5 per month, $55,410."

Amendment No. 11, page 2, line 23, insert:

"OFFICE OF THE SECRETARY

"For office of the Secretary, $444,020: *Provided,* That the basic compensation of the Assistant Parliamentarian shall be increased from $5,940 to $7,000, so long as the position is held by the present incumbent."

Amendment No. 14, page 3, line 8, insert:

"For clerical assistance to the conference of the majority, at rates of compensation to be fixed by the chairman of said committee, $33,310."

Amendment No. 15, page 3, line 11, insert:

"For clerical assistance to the conference of the minority, at rates of compensation to be fixed by the chairman of said committee, $33,310."

Amendment No. 17, page 3, line 18, insert:

"OFFICE OF SERGEANT AT ARMS AND DOORKEEPER

"For office of Sergeant at Arms and Doorkeeper, $1,276,875, including 7 additional pages at the basic annual rate of compensation of $1,800 each, as authorized by Public Law 357, 83d Congress; 1 foreman of skilled laborers at $2,100 basic and 4 skilled laborers at $1,920 basic each in lieu of 5 skilled laborers at $1,920 basic each; assistant postmaster at $4,560 basic in lieu of assistant postmaster at $4,140 basic; superintendent, service department, at $4,380 basic in lieu of foreman in folding room at $3,600 basic; assistant superintendent, service department, at $2,460 basic in lieu of clerk in folding room at $2,460 basic; clerk in service department at $1,980 basic in lieu of clerk in folding room at $1,980 basic; chief machine operator at $2,460 basic in lieu of chief folder at $2,460 basic; and 13 machine operators at $1,740 basic each in lieu of 13 folders at $1,740 basic each: *Provided,* That hereafter the Senate folding room shall be known as the Senate service department."

Amendment No. 23, page 5, line 6, insert:

"Joint Committee on Atomic Energy: For salaries and expenses of the Joint Committee on Atomic Energy, including the objects specified in Public Law 20, 80th Congress, $188,060, and including compensation for stenographic asistance at such rates and in accordance with such regulations as may be prescribed by the Committee on Rules and Administration notwithstanding the provisions of Public Law 585, 79th Congress."

Amendment No. 24, page 5, line 14, insert:

"Joint Committee on Printing: For salaries for the Joint Committee on Printing at rates to to be fixed by the committee, $39,585; for expenses of compiling, preparing, and indexing the Congressional Directory, $1,600; for compiling, preparing, and indexing material for the biographical directory, $1,900, said sum, or any part thereof, in the discretion of the chairman or vice chairman of the Joint Committee on Printing, may be paid as additional compensation to any employee of the United States; and for travel and subsistence expenses at rates provided by law for Senate committees, $4,500; in all, $47,585."

Amendment No. 25, page 5, line 25, insert:

"Vice President's automobile: For purchase, exchange, driving, maintenance, and operation of an automobile for the Vice President, $5,835."

Amendment No. 26, page 6, line 3, insert:

"Automobile for the President pro tempore: For purchase, exchange, driving, maintenance, and operation of an automobile for the President pro tempore of the Senate, $5,835."

Amendment No. 27, page 6, line 6, insert:

"Automobiles for majority and minority leaders: For purchase, exchange, driving, maintenance, and operation of two automobiles, one for the majority leader of the Senate, and one for the minority leader of the Senate, $11,670."

Amendment No. 31, page 6, line 19, insert:

"Inquiries and investigations: For expenses of inquiries and investigations ordered by the Senate or conducted pursuant to section 134 (a) of Public Law 601, 79th Congress, including compensation for stenographic assistance of committees at such rates and in accordance with such regulations as may be prescribed by the Committee on Rules and Administration notwithstanding the provisions of section 134 (a) of Public Law 601, 79th Congress; and including $400,000 for the Committee on Appropriations, to be available also for the purposes mentioned in Senate Resolution No. 193, agreed to October 14, 1943, and Public Law 20, 80th Congress, $1,224,120: *Provided,* That no part of this appropriation shall be expended for per diem and subsistence expenses (as defined in the Travel Expense Act of 1949) at rates in excess of $9 per day except that higher rates may be established by the Committee on Rules and Administration in the case of travel beyond the limits of the continental United States."

Amendment No. 32, page 7, line 12, insert:

"Folding documents: For the employment of personnel for folding speeches and pamphlets at a gross rate of not exceeding $1.50 per hour per person, $27,000."

Amendment No. 36, page 7, line 24, insert:

"Motor vehicles: For maintaining, exchanging, and equipping motor vehicles for carrying the mails and for official use of the offices of the Secretary and Sergeant at Arms, $9,560."

Amendment No. 40, page 8, line 9, insert:

"Airmail and special-delivery stamps: For airmail and special-delivery stamps for Senators and the President of the Senate, as authorized by law, $19,400, and the maximum allowance per capita of $132.07 is increased to $200 for the fiscal year 1955 and thereafter."

Amendment No. 42, page 8, line 17, insert:

"Communications: For an amount of communications which may be expended interchangeably for payment, in accordance with such limitations and restrictions as may be prescribed by the Committee on Rules and Administration, of charges on official telegrams and long-distance telephone calls made by or on behalf of Senators or the President of the Senate, such telephone calls to be in addition to those authorized by the provisions of the Legislative Branch Appropriation Act, 1947 (60 Stat. 392; 2 U. S. C. 46c, 46d, 46e), the First Deficiency Appropriation Act, 1949 (63 Stat. 77; 2 U. S. C. 46d-1), Second Supplemental Appropriation Act, 1952, Public Law 254, 82d Congress, and Public Law 178, 83d Congress, $14,550."

Amendment No. 43, page 9, line 6, insert:

"The Sergeant at Arms is authorized and directed to secure suitable office space in post office or other Federal buildings in the State of each Senator for the use of such Senator and in the city to be designated by him: *Provided*, That in the event suitable space is not available in such buildings and a Senator leases or rents office space elsewhere, the Sergeant at Arms is authorized to approve for payment, from the contingent fund of the Senate, vouchers covering bona fide statements of rentals due in an amount not exceeding $900 per annum for each Senator."

Amendment No. 44, page 9, line 16, insert:

"The Sergeant at Arms of the Senate is authorized and directed to approve for payment from the contingent fund of the Senate to each Senator an amount not to exceed $150 quarterly, upon certification of each such Senator, for official office expenses incurred in his State."

Amendment No. 45, page 9, line 21, insert:

"Effective July 1, 1954, the paragraph relating to payment of toll charges on official long-distance telephone calls originating and terminating outside of Washington, D. C., under the heading 'Contingent Expenses of the Senate' in Public Law 479, 79th Congress, as amended, is amended to read as follows:

" 'There shall be paid from the contingent fund of the Senate, in accordance with rules and regulations prescribed by the Committee on Rules and Administration of the Senate (1) the toll charges on strictly official long-distance telephone calls originating and terminating outside of Washington, D. C., and (2) the toll charges on strictly official long-distance telephone calls to or from Washington, D. C., in excess of those authorized to be paid under the preceding paragraph, not to exceed $1,200 per year, for each Senator.' "

Amendment No. 46, page 10, line 14, insert:

"The Secretary of the Senate and the Sergeant at Arms are authorized and directed to protect the funds of their respective offices by purchasing insurance in an amount necessary to protect said funds against loss. Premiums on such insurance shall be paid out of the contingent fund of the Senate, upon vouchers approved by the chairman of the Committee on Rules and Administration."

Amendment No. 47, page 10, line 21, insert:

"Salaries or wages paid out of the foregoing items under 'Contingent expenses of the Senate' shall be computed as basic rates, plus increased and additional compensation, as authorized and provided by law."

Amendment No. 63, page 40, line 25, insert:

"SEC. 302. The appropriations, authorizations, and authority with respect thereto in this act or any regular annual appropriation act for the fiscal year 1955 which has not been enacted into law prior to July 1, 1954, shall be available from and including such date for the purposes respectively provided in such appropriations, authorizations, and authority. All obligations incurred during the period between June 30, 1954, and the date of enactment of this act or the applicable act in anticipation of such appropriations, authorizations, and authority are hereby ratified and confirmed if in accordance with the respective terms thereof."

Mr. BOW. Mr. Speaker, I offer a motion to recede and concur, which is at the desk.

The Clerk read as follows:

Mr. Bow moves that the House recede from its disagreement to Senate amendments Nos. 9, 11, 14, 15, 17, 23, 24, 25, 26, 27, 31, 32, 36, 40, 42, 43, 44, 45, 46, 47, and 63, 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. 22: Page 4, line 24, insert:

"Joint Committee on the Economic Report: For salaries and expenses of the Joint Committee on the Economic Report, $108,275, including compensation for stenographic assistance at such rates and in accordance with such regulations as may be prescribed by the Committee on Rules and Administration notwithstanding the provisions of Public Law 304, 79th Congress."

Mr. BOW. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. Bow moves that the House recede from its disagreement to the amendment of the Senate numbered 22, and concur therein with an amendment, as follows: In lieu of the sum named in said amendment, insert "$129,775."

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.

Mr. BOW. 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 Ohio?

There was no objection.

Mr. BOW. Mr. Speaker, the conference report and the several amendments just agreed to provide total appropriations for the fiscal year 1955 for the legislative and judicial branches of the Government of $98,197,494. This total is considerably greater than the amounts contained in the bill as it passed the House, however, as is customary, the House did not act on items for the support of the Senate. Although the total increase is $15,841,549 over the House bill, $15,485,123 represents items for the direct support of the Senate, joint committees, and services of the Architect of the Capitol on behalf of the Senate. The items of real increase over the House approved amounts thus total only $356,426.

With respect to the Library of Congress, various items were agreed to which resulted in an overall increase for the Library of $434,636 above the House figure. These increases are offset to the extent of $78,210 in reductions elsewhere in the bill.

Of course, the managers on the part of the House insisted on rejecting in its entirety Senate amendment No. 48, which proposed to place certain non-Federal employees under the Federal retirement system. This proposal would have established a most dangerous precedent by extending retirement benefits to persons not on the Federal payroll who are not contributing to the retirement fund.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION BILL, 1955

Mr. BUDGE. Mr. Speaker, I call up the conference report on the bill (H. R. 9447) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related independent agencies, for the fiscal year ending June 30, 1955, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 1998)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9447) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related independent agencies, for the fiscal year ending June 30, 1955, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 8, 11, 13, 14, 15, 17, 20, 29, 32, 37, and 39.

That the House recede from its disagreement to the amendments of the Senate numbered 6, 9, 12, 19, and 25 and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,327,000"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: ", of which not more than $85,000 shall be for international labor affairs"; and the Senate 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 matter proposed by said amendment insert "not to exceed $50,000 for improving the conditions of migratory labor;"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to

the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$722,500"; 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 "$4,705,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$6,116,500"; 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 "$635,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$850,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$21,737,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$14,147,500"; 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 "$16,668,000"; 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 "$8,270,000"; 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 "$6,180,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$7,600,500"; 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 "$64,400,000"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,487,500"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,112,500"; and the Senate agreed to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "*Provided*, That, except as may be otherwise provided for herein, not more than $200,000 of the funds, including trust funds, appropriated by this title may be used at the departmental level under authority of section 601 of the Act of June 30, 1932 (47 Stat. 417), as amended, and section 7 of Reorganization Plan No. 1 of 1953"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,800,000"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment, insert the following: "$90,000, of which $45,000 shall be available only to the National Institutes of Health,"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$425,500"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 18 and 30.

HAMER H. BUDGE,
BEN F. JENSEN,
JOHN TABER,
CLIFF CLEVENGER,
JOHN E. FOGARTY,
A. M. FERNANDEZ,
CLARENCE CANNON,
Managers on the Part of the House.

EDWARD J. THYE,
STYLES BRIDGES,
WILLIAM F. KNOWLAND,
MILTON R. YOUNG,
DENNIS CHAVEZ,
RICHARD B. RUSSELL,
LISTER HILL,
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. 9447) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related independent agencies, for the fiscal year ending June 30, 1955, and for other purposes, 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:

TITLE I—DEPARTMENT OF LABOR

Office of the Secretary

Amendment No. 1—Salaries and expenses: Appropriates $1,327,000 instead of $1,300,000 as proposed by the House and $1,354,000 as proposed by the Senate.

Amendment No. 2—Salaries and expenses: Restores language proposed by the House limiting amount available for international labor affairs and increases such amount to $85,000 instead of $60,000 as proposed by the House.

Bureau of Labor Standards

Amendment No. 3—Salaries and expenses: Provides not to exceed $50,000 for improving the conditions of migratory labor instead of $100,000 proposed by the Senate. The managers on the part of the House and Senate are disturbed by the lack of central coordination of the increasing activities in this field by many executive agencies. The managers believe that the expenditure of the same amount of Federal funds would result in a more effective program if these activities were more closely coordinated, and strongly urge that the 1956 budget for the executive branch be prepared with a view to correcting this deficiency.

Amendment No. 4—Salaries and expenses: Appropriates $722,500 instead of $665,000 as proposed by the House and $780,000 as proposed by the Senate.

Bureau of Employment Security

Amendment No. 5—Salaries and exenses: Appropriates $4,705,000 instead of $4,650,000 as proposed by the House and $4,760,000 as proposed by the Senate.

Amendment No. 6—Salaries and expenses: Strikes language proposed by the House and inserts language as proposed by the Senate to give the Department discretion in determining the total amount to be set aside for the Veterans' Employment Service.

Amendments Nos. 7 and 8—Grants to States for unemployment compensation and employment services administration: Establish a contingency fund of $16,400,000 as proposed by the House instead of $6,000,000 as proposed by the Senate and strike language proposed by the Senate.

Amendment No. 9—Salaries and expenses, Mexican farm labor program: Appropriates $1,581,000 as proposed by the Senate instead of $1,521,000 as proposed by the House.

Wage and Hour Division

Amendment No. 10—Salaries and expenses: Appropriates $6,116,500 instead of $6,000,000 as proposed by the House and $6,233,000 as proposed by the Senate.

General Provisions

Amendment No. 11: Strikes language proposed by the Senate to provide authority to transfer funds between appropriations.

TITLE II—DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

American Printing House for the Blind

Amendment No. 12—Education of the blind: Appropriates $205,000 as proposed by the Senate instead of $175,000 as proposed by the House.

Food and Drug Administration

Amendment No. 13—Salaries and expenses: Appropriates $5,100,000 as proposed by the House instead of $5,200,000 as proposed by the Senate.

Office of Education

Amendment No. 14—Payments to school districts: Appropriates $55,000,000 as proposed by the House instead of $58,500,000 as proposed by the Senate.

Amendment No. 15—Payments to school districts: Strikes language proposed by the Senate regarding the effective date of the 3-percent absorption feature of Public Law 874, 81st Congress, as amended.

Office of Vocational Rehabilitation

Amendment No. 16—Salaries and expenses: Appropriates $635,000 instead of $620,000 as proposed by the House and $650,000 as proposed by the Senate.

Public Health Service

Amendment No. 17: Strikes language proposed by the Senate for the purpose of paying expenses for schooling for dependents of personnel stationed abroad under certain circumstances.

Amendment No. 18—Tuberculosis: Reported in disagreement.

Amendment No. 19—Engineering, sanitation, and industrial hygiene: Appropriates $3,565,000 as proposed by the Senate instead of $3,295,000 as proposed by the House.

Amendment No. 20—Disease and sanitation investigations and control, Territory of Alaska: Restores language proposed by the House relating to the marine health units "Health" and "Hygiene."

Amendment No. 21—Salaries and expenses, hospital construction services: Appropriates $850,000 instead of $750,000 as proposed by the House and $950,000 as proposed by the Senate. In acting on this item the managers took into consideration the pending request for a supplemental appropriation of $200,000 for this activity.

Amendment No. 22—National Cancer Institute: Appropriates $21,737,000 instead of $21,237,000 as proposed by the House and $22,737,000 as proposed by the Senate.

Amendment No. 23—Mental health activities: Appropriates $14,147,500 instead of $13,460,000 as proposed by the House and $14,460,000 as proposed by the Senate.

Amendment No. 24—National Heart Institute: Appropriates $16,668,000 instead of $16,168,000 as proposed by the House and $17,168,000 as proposed by the Senate.

Amendment No. 25—Dental health activities: Appropriates $1,990,000 as proposed by the Senate instead of $1,740,000 as proposed by the House.

Amendment No. 26—Arthritis and metabolic disease activities: Appropriates $8,270,000 instead of $7,270,000 as proposed by the House and $9,270,000 as proposed by the Senate.

Amendment No. 27—Microbiology activities: Appropriates $6,180,000 instead of $5,930,000 as proposed by the House and $6,430,000 as proposed by the Senate.

Amendment No. 28—Neurology and blindness activities: Appropriates $7,600,500 instead of $6,913,000 as proposed by the House and $8,413,000 as proposed by the Senate.

St. Elizabeths Hospital

Amendment No. 29—Major repairs and preservation of buildings and grounds: Strikes out language proposed by the Senate to provide for reimbursement of a portion of these expenses by the executive agencies and the District of Columbia using the facilities of the hospital.

Amendment No. 30—Construction, maximum security building: Reported in disagreement. The managers on the part of the House will move to recede and concur in the language of the Senate which provides $110,000 for the preparation of tentative drawings for a maximum security building and for reimbursement of a pro rata share of the expenses of future construction by the District of Columbia with an amendment which would add to the latter provision the expenses of major repairs. In agreeing to this language the managers on the part of the House and the Senate anticipated a consolidation of appropriation items for future years to include under "Construction" all major repairs and to include under "Salaries and expenses" any minor items. The managers therefore desire that the budget for 1956 be prepared in this manner.

Social Security Administration

Amendment No. 31—Salaries and expenses, Bureau of Old-Age and Survivors Insurance: Authorizes $64,400,000 instead of $64,150,000 as proposed by the House and $64,650,000 as proposed by the Senate.

Amendment No. 32—Salaries and expenses, Bureau of Old-Age and Survivors Insurance: Strikes provision of the Senate relating to the position of Director, Bureau of Old-Age and Survivors Insurance.

Amendment No. 33—Grants to States for public assistance: Appropriates $1,487,500 instead of $1,450,000 as proposed by the House and $1,550,000 as proposed by the Senate.

Office of the Secretary

Amendment No. 34—Salaries and expenses: Appropriates $1,112,500 instead of $1,075,000 as proposed by the House and $1,150,000 as proposed by the Senate.

Amendment No. 35—Salaries and expenses: Restores, with perfecting language, the provision of the House limiting the transfer of funds for the performance of centralized activities at the departmental level.

Amendment No. 36—Salaries and expenses, Office of Field Services: Appropriates $1,800,000 instead of $1,775,000 as proposed by the House and $1,835,000 as proposed by the Senate.

Amendment No. 37—Working capital fund: Strikes language proposed by the Senate relating to the use of this fund for the additional functions of central accounting service and central internal audit service.

General provisions

Amendment No. 38—Section 204: Provides a limitation of $90,000 on the amount which may be used for expenses of travel to meetings instead of $75,000 as proposed by the House and $105,000 as proposed by the Senate and provides that $45,000 of such limitation shall be available only to the National Institutes of Health as proposed by the Senate.

Amendment No. 39: Strikes language proposed by the Senate to provide authority to transfer funds between appropriations.

TITLE IV—NATIONAL MEDIATION BOARD

Amendment No. 40—Salaries and expenses: Appropriates $425,500 instead of $422,000 as proposed by the House and $429,000 as proposed by the Senate.

HAMER H. BUDGE,
BEN F. JENSEN,
JOHN TABER,
CLIFF CLEVENGER,
JOHN E. FOGARTY,
A. M. FERNANDEZ,
CLARENCE CANNON,
Managers on the Part of the House.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 18: Page 20, line 22, insert "of which not less than $4,500,000 shall be available only for grants to States, to be matched by an equal amount of State and local funds expended for the same purpose, for direct expenses of case-finding projects including salaries, fees, and travel of personnel directly engaged in case finding and the necessary equipment and supplies used directly in prevention and case-finding operations, but excluding the purchase of care in hospitals and sanatoria."

Mr. BUDGE. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. BUDGE moves that the House recede from its disagreement to the amendment of the Senate numbered 18, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ", of which not less than $4,500,000 shall be available only for grants to States, to be matched by an equal amount of State and local funds expended for the same purpose, for direct expenses of prevention and case-finding projects including salaries, fees, and travel of personnel directly engaged in prevention and case-finding and the necessary equipment and supplies used directly in prevention and case-finding operations, but excluding the purchase of care in hospitals and sanatoria."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 30: Page 27, line 15, insert the following:

"Construction, maximum security building: For the preparation of tentative drawings for a maximum security building at St. Elizabeths Hospital, $110,000: *Provided*, That with respect to construction of new facilities hereafter authorized the per diem rate calculated for the District of Columbia pursuant to section 2 of the act of August 4, 1947 (24 U. S. C. 168a), shall include a proportionate share of the annual increment of the depreciated total cost of such construction, such depreciation to be based on the estimated life, not exceeding 40 years, of such construction, to be determined by the Board of Commissioners of the District of Columbia, beginning with the fiscal year following completion of construction, and such proportionate share shall be deposited in the Treasury to the credit of miscellaneous receipts."

Mr. BUDGE. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. BUDGE moves that the House recede from its disagreement to the amendment of the Senate numbered 30, and concur therein with an amendment, as follows:

"Construction, maximum security building: For the preparation of tentative drawings for a maximum security building at St. Elizabeths Hospital, $110,000: *Provided*, That with respect to construction of new facilities hereafter authorized, and expenditures for major repairs of buildings and grounds, the per diem rate calculated for the District of Columbia pursuant to section 2 of the act of August 4, 1947 (24 U. S. C. 168a), shall include a proportionate share of repairs and of the annual increment of the depreciated total cost of such construction, such depreciation to be based on the estimated life thereof, not exceeding 40 years, beginning with the fiscal year following completion of construction, and such proportionate share shall be deposited in the Treasury to the credit of miscellaneous receipts."

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.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, AND THE UNITED STATES INFORMATION AGENCY APPROPRIATION BILL, 1955

Mr. CLEVENGER. Mr. Speaker, I call up the conference report on the bill (H. R. 8067) 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, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2000)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8067) 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, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 8, 12, 13, 19, 20, 22, 29, 32, 34, 36, 44, 45½, and 48.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 5, 6, 7, 15, 16, 18, 24, 38, and 39, and agree to the same.

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

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$475,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$245,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$310,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$14,700,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,472,500"; 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: Restore the matter stricken out by said amendment, amended to read as follows:

"SEC. 207. None of the funds appropriated by this title may be used in the preparation or prosecution of the suit in the United States District Court for the Southern District of California, Southern Division, by the United States of America against Fallbrook Public Utility District, a public service corporation of the State of California, and others: *Provided*, That this section shall have no force and effect after the effective date of H. R. 5731, Eighty-third Congress, as finally enacted into law."

And the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,050,000"; 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 "$97,650,000"; 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 "$600,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$6,320,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,000,000"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$65,000,000"; and the Senate agree to the same.

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

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert:

"War Shipping Administration liquidation: Not to exceed $6,000,000 of the unexpended balance of the appropriation to the Secretary of the Treasury in the Second Supplemental Appropriation Act, 1948, for liquidation of obligations approved by the General Accounting Office as properly incurred against funds of the War Shipping Administration prior to January 1, 1947, is hereby continued available during the current fiscal year, and shall be available for the payment of obligations incurred against the working fund titled: 'Working fund, Commerce, War Shipping Administration functions, December 31, 1946.'"

And the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$11,500,000"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$3,150,000"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$2,100,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the number proposed in said amendment insert "305"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$77,114,000"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$35,000"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows: In lieu of the matter proposed by said amendment insert "more than twenty employees and two studios for the"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 17, 25, 40, 43, 47, and 49.

CLIFF CLEVENGER,
F. R. COUDERT, JR.,
FRANK T. BOW,
SAM COON,
JOHN TABER,
JOHN J. ROONEY, (except as to certain amendments).
PRINCE H. PRESTON,
ROBERT L. F. SIKES,
CLARENCE CANNON,
Managers on the Part of the House.

STYLES BRIDGES,
LEVERETT SALTONSTALL,
HOMER FERGUSON,
H. ALEXANDER SMITH,
LISTER HILL,
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. 8067) 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, 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:

TITLE I—DEPARTMENT OF STATE

Amendment No. 1—Salaries and expenses: Reported in disagreement. The $200,000 provided by transfer is for the continuation of the Foreign Relations volumes.

Amendment No. 2—Salaries and expenses: Authorizes the purchase of 7 vehicles at not to exceed $3,600 each, instead of 5 as proposed by the House and 15 as proposed by the Senate.

Amendment No. 3—Salaries and expenses: Inserts language of the Senate relative to the Metals and Minerals staff.

Amendment No. 4—Representation allowances: Appropriates $475,000 instead of $450,000 as proposed by the House and $500,000 as proposed by the Senate.

Amendment No. 5—Acquisition of buildings abroad: Inserts language of the Senate providing that certain salaries and expenses previously paid from another appropriation item be paid from this appropriation.

Amendment No. 6—Acquisition of buildings abroad: Appropriates $2,500,000 as proposed by the Senate instead of $2,750,000 as proposed by the House.

Amendment No. 7—Acquisition of buildings abroad: Provides that not less than $2,000,000 shall be used to purchase foreign

credits owed to or owned by the Treasury of the United States as proposed by the Senate instead of $2,400,000 as proposed by the House.

Amendment No. 8—Missions to international organizations: Appropriates $1,050,000 as proposed by the House instead of $1,053,000 as proposed by the Senate.

Amendment No. 9—American sections, international commissions: Appropriates $245,000 instead of $235,000 as proposed by the House and $248,000 as proposed by the Senate.

Amendment No. 10—International fisheries commissions: Appropriates $310,000 instead of $295,000 as proposed by the House and $325,000 as proposed by the Senate.

Amendment No. 11—International educational exchange activities: Appropriates $14,700,000 instead of $9,000,000 as proposed by the House and $15,000,000 as proposed by the Senate.

Amendment No. 12—Section 111: Strikes out the language of the Senate relative to appointments to the Foreign Service.

Amendment No. 13—Section 112: Strikes out the language of the Senate relative to additional supergrades.

TITLE II—DEPARTMENT OF JUSTICE

Legal activities and general administration

Amendment No. 14—Salaries and expenses, general administration: Appropriates $2,472,500 instead of $2,450,000 as proposed by the House and $2,495,000 as proposed by the Senate.

Amendment No. 15—Salaries and expenses, United States attorneys and marshals: Appropriates $14,500,000 as proposed by the Senate instead of $14,000,000 as proposed by the House.

Amendment No. 16—Fees and expenses of witnesses: Appropriates $1,000,000 as proposed by the Senate instead of $1,200,000 as proposed by the House.

Immigration and Naturalization Service

Amendment No. 17—Salaries and expenses: Reported in disagreement.

Federal prison system

Amendment No. 18—Salaries and expenses, Bureau of Prisons: Eliminates the limitation on departmental personal services as proposed by the Senate.

Amendment No. 19—Salaries and expenses, Bureau of Prisons: Appropriates $26,385,000 as proposed by the House instead of $23,850,000 as proposed by the Senate.

General provisions—Department of Justice

Amendment No. 20—Section 202: Restores the provision of the House relative to the minimum annual salary of certain attorneys.

Amendment No. 21—Section 207: Restores the provision of the House restricting the use of funds for the preparation or prosecution of the suit in the United States District Court for the Southern District of California, Southern Division, by the United States of America against Fallbrook Public Utility District, with the provision that this section shall have no force and effect after the effective date of H. R. 5731, 83d Congress, as finally enacted into law.

Amendment No. 22—Section 207: Strikes out 5-percent transfer proposal of the Senate.

TITLE III—DEPARTMENT OF COMMERCE

Office of the Secretary

Amendment No. 23—Salaries and expenses: Appropriates $2,050,000 instead of $2,000,000 as proposed by the House and $2,100,000 as proposed by the Senate.

Bureau of the Census

Amendment No. 24—Salaries and expenses: Strikes out the language of the House relative to the compilation of statistics on coffee.

Amendment No. 25—Census of agriculture: Reported in disagreement.

Civil Aeronautics Administration

Amendment No. 26—Salaries and expenses: Appropriates $97,650,000 instead of $96,450,000 as proposed by the House and $97,850,000 as proposed by the Senate.

Amendment No. 27—Maintenance and operation of public airports, Territory of Alaska: Appropriates $600,000 instead of $550,000 as proposed by the House and $650,000 as proposed by the Senate.

Business and Defense Services Administration

Amendment No. 28—Salaries and expenses: Appropriates $6,320,000 instead of $6,070,000 as proposed by the House and $6,820,000 as proposed by the Senate.

Bureau of Foreign Commerce

Amendment No. 29—Salaries and expenses: Strikes out the proposal of the Senate relative to the purchase of materials for exhibits for use in international trade fairs.

Amendment No. 30—Salaries and expenses: Appropriates $2,000,000 instead of $1,500,000 as proposed by the House and $2,500,000 as proposed by the Senate.

Maritime activities

Amendment No. 31—Operating-differential subsidies: Appropriates $65,000,000 instead of $55,000,000 as proposed by the House and $85,000,000 as proposed by the Senate.

Amendment No. 32—Operating-differential subsidies: Strikes out the transfer proposal of the Senate.

Amendment No. 33—Operating-differential subsidies: Provides that not less than 112 voyages shall be for operators who have not held contracts prior to July 1, 1952, instead of 150 as proposed by the House and 100 as proposed by the Senate.

Amendment No. 34—Salaries and expenses: Strikes out the transfer proposal of the Senate.

Amendment No. 35—War Shipping Administration liquidation: Provides that not to exceed $6,000,000 of the unexpended balance is continued available instead of $2,000,000 as proposed by the House and $12,500,000 as proposed by the Senate.

Amendment No. 36: Strikes out the language inserted by the Senate.

Patent Office

Amendment No. 37—Salaries and expenses: Appropriates $11,500,000 instead of $11,000,000 as proposed by the House and $12,000,000 as proposed by the Senate.

Bureau of Public Roads

Amendments Nos. 38 and 39—Federal-aid highways: Adjust appropriation between 1953 and 1954 fiscal year authorizations as proposed by the Senate.

Amendment No. 40—Inter-American Highway: Reported in disagreement.

National Bureau of Standards

Amendment No. 41—Research and testing: Appropriates $3,150,000 instead of $3,000,000 as proposed by the House and $3,300,000 as proposed by the Senate.

Amendment No. 42—Radio propagation and standards: Appropriates $2,100,000 instead of $2,000,000 as proposed by the House and $2,200,000 as proposed by the Senate.

General Provisions—Department of Commerce

Amendment No. 43—Section 304: Reported in disagreement.

Amendment No. 44—Section 305: Strikes out the proposal of the Senate relative to additional supergrades.

Amendment No. 45—Section 306: Inserts the proposal of the Senate limiting the amount available for management studies, and changes section number to "305."

TITLE IV—UNITED STATES INFORMATION AGENCY

Amendment No. 45½—Salaries and expenses: Restores language proposed by the House in lieu of language proposed by the Senate.

Amendment No. 46—Salaries and expenses: Appropriates $77,114,000 instead of $75,814,000 as proposed by the House and $83,814,000 as proposed by the Senate.

Amendment No. 47—Salaries and expenses: Reported in disagreement.

Amendment No. 48—Salaries and expenses: Strikes out the language proposed by the Senate.

Amendment No. 49—Salaries and expenses: Reported in disagreement.

Amendment No. 50—Salaries and expenses: Provides that not to exceed $35,000 may be used for representation abroad instead of $30,000 as proposed by the House and $60,000 as proposed by the Senate.

Amendment No. 51—Salaries and expenses: Provides that no appropriation in this act shall be available for more than 20 employees and 2 studios for the operation of the International Broadcasting Service in New York City after December 31, 1954.

CLIFF CLEVENGER,
F. R. COUDERT, Jr.,
FRANK T. BOW,
SAM COON,
JOHN TABER,
JOHN J. ROONEY (except as to certain amendments),
PRINCE H. PRESTON,
ROBERT L. F. SYKES,
CLARENCE CANNON,
Managers on the Part of the House.

Mr. ROONEY. Mr. Speaker, does the gentleman expect to explain the conference report and the action of the conferees?

Mr. CLEVENGER. Not at the present time.

Mr. ROONEY. Mr. Speaker, will the gentleman yield me 5 minutes?

Mr. CLEVENGER. Mr. Speaker, I yield 5 minutes to the gentleman from New York.

Mr. ROONEY. Mr. Speaker, although it seems the majority do not want to talk about it, I feel that the Members of the House and the public should be advised of the action of the conferees with regard to this conference report; but, first, I should like to take this opportunity to say something which was not but should have been said at the time last March when this bill was originally before the House for consideration.

I refer to the faithful and painstaking service to this committee of Mr. Jay B. Howe, executive secretary. He is one of the most capable and trusted members of the top staff of the House Committee on Appropriations. It does not make any difference to Jay which party is in power or who is the chairman. His allegiance and efforts are always for that chairman. And I am in a position to know, because I served for 4 years as chairman of this subcommittee and was a member of it when Jay first came to the Hill. He was loyal and faithful to the late Karl Stefan, of Nebraska, to myself, and to the distinguished gentleman from Ohio [Mr. CLEVENGER]. I see my friend, the gentleman from Ohio [Mr. CLEVENGER], vigorously nodding his head, and I know he agrees with every word I say with regard to Jay Howe. He and

I and every member of this committee admire and respect him.

Mr. CLEVENGER. Mr. Speaker, will the gentleman yield?

Mr. ROONEY. I yield to the gentleman from Ohio.

Mr. CLEVENGER. I want to add a word to what the gentleman from New York has said about Mr. Howe. While it rarely occurs to us to be lavish in our praise, I agree heartily with what the gentleman from New York has said about him. He is a fine public servant, wholly selfless in his service to his Government. He has been unfailing in providing the committee the assistance it requires in handling these highly complicated matters. There is no finer, no more able, no more objective man to be found.

Mr. ROONEY. In regard to this pending conference report, Mr. Speaker, when this bill H. R. 8067 passed the House last March 5 it contained appropriations for the Departments of State, Justice, and Commerce and for the United States Information Agency in the total amount of $1,168,988,000. The other body, upon its consideration of this bill, inserted a number of very extravagantly substantial amendments which increased the total of the bill to $1,235,021,280. So, your majority conferees are here this morning in full control with a conference report which is $36,122,500 above the action of the House. This interesting table sets fourth figures which show some of the reasons why the budget isn't going to be balanced this year as they promised:

Department	Estimate	House	Senate	Conference	Conference below estimate
State	$116,191,960	$108,410,000	[1] $114,783,280	[2] $114,110,000	−$2,081,960
Justice	177,732,000	176,542,000	177,352,000	176,864,500	−867,500
Commerce	930,997,000	808,222,000	[3] 859,072,000	837,022,000	−93,975,000
U. S. Information Agency	89,000,000	75,814,000	[4] 83,814,000	[4] 77,114,000	−11,886,000
Total	1,313,920,960	1,168,988,000	1,235,021,280	1,205,110,500	−108,810,460

[1] Includes $1,000,000 reappropriation.
[2] Includes $200,000 reappropriation.
[3] Includes $90,000,000 reappropriation.
[4] Includes transfer of $3,200,000 reappropriation.

We have added such niceties—and when I say "We," I mean the majority House conferees agreeing with the majority conferees of the other body—as $200,000 for the Department of State for printing foreign relations volumes, which, I dare say, although allocated and delivered to every Member over the years, have not been read by very many Members of the House.

They have increased the diplomatic representation allowance from $450,000 to $475,000. A few years ago, when they were in the minority, they were going to wipe it out completely.

Although, when this bill passed the House, it contained a very ample $9 million for the international educational exchange program, we now find that that very substantial sum has been increased to $14.7 million.

You will find that in regard to the legally required census of agriculture, for a sample census of which the committee and House turned down wholly a request in the amount of $3.5 million when this bill was originally before us for consideration, there is now inserted in the bill $16 million. You will remember I predicted that. I predicted it when you thought you were saving $3.5 million at the time this bill was before the House and I said that a full census of agriculture would be inserted. Now we have a real good one; a $16 million one.

In regard to the Civil Aeronautics Administration item and others, we find that the majority conferees do not seem to have much confidence in the Republican executive department, because they insist in this bill on giving them substantial sums of the taxpayers' money that they do not want, that they did not ask for, and which they frankly said they did not need.

In regard to the Patent Office in the Department of Commerce, the Commissioner of Patents and President Eisenhower's Bureau of the Budget and the Secretary of Commerce said they could run a better Patent Office this coming year than ever has been run before, for $11 million. You appropriated every nickel of it when you had this bill. So, what did our friends on the conference do? They added $1 million to the appropriation of the Patent Office, making it $12 million. Of course, it is only a million dollars of John Q. Public's money and maybe they will balance the budget next year; who knows? You would not think so from the following colloquy with Commissioner of Patents Watson, at page 126 of the regular printed hearings on appropriations for the Departments of State, Justice, and Commerce for 1955:

> Mr. ROONEY. In your proposed plan which you described with a chart a while ago—a copy of which I have in my hand—you would expect that by 1956 fiscal year you would have an annual appropriation for the Patent Office of almost $15 million; to wit, $14,700,000. This would compare, would it not, with an appropriation of $11,500,000 for the fiscal year 1951? Correct?
>
> Mr. WATSON. Yes.

Who said they were going to cut Government spending?

They have created an additional Assistant Secretary of Commerce in this bill. They have increased the cost of the Voice of America by $1,300,000.

The SPEAKER. The time of the gentleman has expired.

Mr. CLEVENGER. Mr. Speaker, I yield 3 additional minutes to the gentleman from New York [Mr. ROONEY].

Mr. ROONEY. Let me say that with regard to some of the 51 items I was in complete agreement. But I think the public is entitled to know all about this and have all the cards placed on the table. These expenditures of taxpayers' money should be explained to the House. If you are really going to try to balance the budget this year, as you said, and you get the opportunity to vote in a conference with the Senate, you do not proceed toward that goal by adding $36,122,500 in public funds to a bill such as this. This is your responsibility; you have the votes and the control if you want to use them.

With the bill increased by over $36 million you will find that the conferees have not appropriated the necessary funds to operate the American merchant marine. The conferees did increase the funds for operating-differential subsidies by 10 million but denied 15 million. That 15 million is no saving at all. The request of President Eisenhower and the Bureau of the Budget and the Secretary of Commerce was in the amount of $80 million for these subsidies to operate our merchant marine and enable it to compete with foreign shipping. The amount has now been compromised in the sum of $65 million. I repeat, that is no saving at all because under the law these subsidy payments for years gone by must be paid and will be paid.

I do not mean to say that my colleagues from the majority side of the House did not do the best they could on every item, and under all the circumstances, political and otherwise; the great pressures, and so forth. You should know that they tried to save some money, and I should tell you that they tried to save some money; some money such as these operating subsidies for the American merchant marine which by law have to be paid anyhow, and which are going to be paid.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. ROONEY. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. As I understand the statement of the gentleman, it is that they have added to this bill, and the gentleman says that as to some of those additions he agrees. Still the gentleman complains as to the overall picture. Now, what can I do or what can other Members of the House do to make it better? I am willing to vote "No" if the gentleman will explain what can be done.

Mr. ROONEY. The very able gentleman from Michigan [Mr. HOFFMAN] well knows that he can offer a motion to recommit this conference report with instructions to the conferees to insist on the House version of some of the items I have mentioned.

Mr. HOFFMAN of Michigan. Will the gentleman offer such a motion? I will vote for it, if the gentleman will make it.

Mr. ROONEY. I do not intend to do so. The Departments of State, Justice, and Commerce run out of money at midnight tonight.

The SPEAKER. The time of the gentleman has expired.

Mr. CLEVENGER. Mr. Speaker, this bill as agreed upon by the conferees appropriates, $1,201,910,500 for the Departments of State, Justice, Commerce, and

the United States Information Agency for fiscal year 1955. This is a reduction of $112,010,460 below the budget estimate, and is $210,307,101 below the appropriation for the present fiscal year for these departments. The following table sets forth the action in regard to this bill:

Department	Estimate	As passed the House	As passed the Senate	Conference	Conference below estimate
State	$116,191,960	$108,410,000	[1] $114,783,280	[2] $114,110,000	−$2,081,960
Justice	177,732,000	176,542,000	177,352,000	176,864,500	−867,500
Commerce	930,997,000	808,222,000	[3] 859,072,000	837,022,000	−93,975,000
U. S. Information Agency	89,000,000	75,814,000	[4] 80,614,000	[4] 73,914,000	−15,086,000
Total	1,313,920,960	1,168,988,000	1,231,821,280	1,201,910,500	−112,010,460

[1] Includes $1,000,000 reappropriation.
[2] Includes $200,000 reappropriation.
[3] Includes $90,000,000 reappropriation.
[4] Plus transfer of $3,200,000.

As in most conference agreements, some of the items are not exactly as everyone would like. However, the differences of the two Houses must be settled and a compromise arrived at. The bill before you is approximately $30 million lower than it was when it passed the Senate. The 2 largest increases over the bill as it originally passed the House are $16 million for a Census of Agriculture and $10 million more for operating-differential subsidies.

Mention has been made of the fact that $25,000 was added over the House allowance for the item "Representation." It should be pointed out, however, that the amount finally agreed upon is $25,000 below the recommendation of the Senate and, furthermore, the amount finally agreed upon is less than that which has been appropriated for this item for any year since 1945.

Mr. CLEVENGER. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 4, line 6, insert "$62,027,280, and in addition $1,000,000 to be derived by transfer from the unobligated balance of the 1954 appropriation, 'Government in Occupied Areas.' "

Mr. CLEVENGER. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. CLEVENGER moves that the House recede from its disagreement to the amendment of the Senate numbered 1, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert "$62,500,000, and in addition $200,000 to be derived by transfer from the unobligated balance of the 1954 appropriation, 'Government in Occupied Areas.' "

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 17: Page 22, line 9, insert ": *Provided*, That hereafter the compensation of the Deputy Commissioner, Immigration and Naturalization Service, shall be $15,000 per annum."

Mr. CLEVENGER. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. CLEVENGER moves that the House recede from its disagreement to the amendment of the Senate numbered 17, and concur therein with an amendment as follows: In lieu of the matter proposed by said amendment insert ": *Provided*. That so long as the position is held by the present incumbent the compensation of the Deputy Commissioner, Immigration and Naturalization Service, shall be $15,000 per annum."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 25: Page 27, line 15, insert:

"Census of agriculture: For expenses necessary for taking, compiling, and publishing the 1954 Census of Agriculture, as authorized by law, including personal services by contract or otherwise at rates to be fixed by the Secretary of Commerce without regard to the Classification Act of 1949, as amended; and additional compensation of Federal employees temporarily detailed for field work under this appropriation; $16,000,000, to become immediately available and to remain available until December 31, 1959 (13 U. S. C. 216, as amended by 66 Stat. 736).

Mr. CLEVENGER. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 40: Page 43, line 12, insert ": *Provided*, That no part of this appropriation shall be allocated for expenditure in a particular country unless such allocation shall have been submitted to and received by the Senate and House Appropriations Committees 30 days in advance of the allocation."

Mr. CLEVENGER. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. CLEVENGER moves that the House recede from its disagreement to the amendment of the Senate numbered 40, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ": *Provided*, That no part of this appropriation shall be allocated for expenditures in a particular country except with the approval of the President and a report to the Appropriations Committees of the House and Senate."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 43: Page 47, line 23, insert:

"SEC. 304. There shall be hereafter in the Department of Commerce, in addition to the Assistant Secretaries now provided for by law, one additional Assistant Secretary of Commerce, who shall be appointed by the President by and with the advice and consent of the Senate, and who shall be subject in all respects to the provisions of the act of July 15, 1947 (61 Stat. 326), as amended (5 U. S. C. 592a), relating to Assistant Secretaries of Commerce. Section 3 of Reorganization Plan No. 5 of 1950, as amended (64 Stat. 1263; 66 Stat. 121), is hereby repealed."

Mr. CLEVENGER. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 47: Page 51, line 19, insert "of which $3,200,000 shall be derived by transfer from the unobligated balance in the account 'International Information Activities, United States Information Agency.' "

Mr. CLEVENGER. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

Senate amendment No. 49: Page 51, line 25, insert "and of which not less than $300,000 shall be available for contracts with one or more private international broadcasting licensees for the purpose of developing and broadcasting under private auspices, but under the general supervision of the United States Information Agency, radio programs to Latin America, Western Europe, as well as other areas of the free world, which programs shall be designed to cultivate friendships with the peoples of the countries of those areas, and to build improved international understanding."

Mr. CLEVENGER. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. CLEVENGER moves that the House recede from its disagreement to the amendment of the Senate numbered 49, and concur therein with an amendment as follows: In lieu of the sum named in said amendment insert "$200,000."

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.

Mr. WAINWRIGHT. 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 New York?

There was no objection.

Mr. WAINWRIGHT. Mr. Speaker, the Secretary of State's Public Committee on Personnel, appointed in March of 1954, recommended measures for increasing the effectiveness of the Department's career personnel.

The keystone recommendation was to combine into one Foreign Service officer corps the personnel now engaged in foreign service work above the clerical level both at home and abroad but heretofore

organized in 3 separate groups under 3 separate administrative systems, namely, the Civil Service, the Foreign Service officer corps, and the Foreign Service staff.

This proposed integration will provide the following highly desirable advantages for the efficiency of the State Department:

(a) Elimination of the compartments into which a group doing the same kind of work is now divided and the substitution of a single administrative and personnel system in place of separate systems having separate legislative bases and separate rules for recruitment, training, promotion, and retirement. This combination will eliminate various invidious disparities between the systems.

(b) Substantial increase in the flexibility of the Foreign Service. With all of the officers at home and abroad in a single Foreign Service obliged to serve when required anywhere in the world, full use can be made wherever needed of all the various abilities and qualifications.

(c) Facilitation of periodic rotation of Foreign Service officers to service in the United States. At the present time only 119 out of 1,285 Foreign Service officers are on duty in the State Department in Washington. This means that Foreign Service officers seldom have home duty and become unfamiliar with trends and developments in the United States. After the integration program has been put into effect, there will be some 1,400 positions for Foreign Service officers in the State Department so that the normal career of a Foreign Service officer will consist of alternating tours of duty of 4 years in the United States and 6 years in the foreign field.

The integration program can be carried out under the provisions of section 517 of the Foreign Service Act of 1946 which provides for and encourages lateral entry into the Foreign Service officer corps of individuals who have served not less than 3 years in the State Department; that is, either as civil-service employees or Foreign Service staff employees. However, this legislative provision requires an individual who comes into the Foreign Service officer corps by lateral entry to start at the lowest pay of the Foreign Service officer class to which he is admitted. This causes unreasonable hardship in that such an individual may have to accept a reduction of pay which may amount to as much as nearly $2,000.

The proposed amendment to the appropriations bill has only the purpose of eliminating this hardship which would naturally serve to discourage civil service or Foreign Service staff people from lateral entry into the Foreign Service officer corps which is greatly desired by the Secretary in order to carry out this highly important integration program.

The proposed amendment does not permit admittance to the Foreign Service officer corps of any people from outside the Government service. In fact, lateral entrants must, under the Foreign Service Act of 1946, have served at least 3 years in the State Department.

The reason why this action was sought in the form of an amendment to the appropriations bill rather than as an item of enabling legislation was that the public committee's report was only recently available to and approved by the Secretary.

The proposed amendment to the appropriations bill for the fiscal year 1955 was sought in the circumstances described above in order to take care of the situation during that fiscal year. The Secretary of State proposes to request the legislative committees to enact an appropriate amendment to the Foreign Service Act of 1946 to take care of this situation for fiscal years subsequent to 1955.

I feel that its being left out is unfortunate, but not irreparable. The Department, under the guidance of its new, fine Under Secretary, Charles Saltzman has a chance to revitalize itself.

PERSONAL ANNOUNCEMENT

The SPEAKER. The Chair recognizes the gentleman from Alabama [Mr. ROBERTS].

Mr. ROBERTS. Mr. Speaker, yesterday when the House voted on the Guatemala resolution, Senate Concurrent Resolution 91, I was necessarily absent because I had to be at the hospital for treatment. Had I been present, I would have voted "yea."

REPUBLIC OF THE PHILIPPINES

Mr. ALLEN of California submitted a conference report and statement on the joint resolution (S. J. Res. 72) to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines; to provide for the rehabilitation of the inter-island commerce of the Philippines, and for other purposes.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and sixty-two Members are present, not a quorum.

Mr. ALLEN of Illinois. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 90]

Albert	Hale	Miller, Nebr.
Angell	Hays, Ohio	Morrison
Beamer	Heller	Murray
Bentsen	Hillings	Norblad
Bonin	Holifield	Pfost
Buckley	Horan	Pillion
Burdick	Kersten, Wis.	Powell
Busbey	LeCompte	Regan
Camp	Lesinski	Riley
Chatham	Long	Shafer
Curtis, Nebr.	Lucas	Sutton
Dawson, Ill.	Lyle	Weichel
Dingell	Machrowicz	Wheeler
Dodd	Mailliard	Wilson, Tex.
Feighan	Mason	
Grant	Meader	

The SPEAKER. On this rollcall 388 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. HOPE. Mr. Speaker, I call up the conference report 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, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 1947)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to 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, 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 disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Agricultural Trade Development and Assistance Act of 1954'.

"SEC. 2. It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefor. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.

"TITLE I—SALES FOR FOREIGN CURRENCY

"SEC. 101. In furtherance of this policy, the President is authorized to negotiate and carry out agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. In negotiating such agreements the President shall—

"(a) take reasonable precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities;

"(b) take appropriate steps to assure that private trade channels are used to the maximum extent practicable both with respect to sales from privately owned stocks and from stocks owned by the Commodity Credit Corporation;

"(c) give special consideration to utilizing the authority and funds provided by this Act, in order to develop and expand continuous market demand abroad for agricultural commodities, with appropriate emphasis on underdeveloped and new market areas;

"(d) seek and secure commitments from participating countries that will prevent resale or transshipment to other countries, or use for other than domestic purposes, of surplus agricultural commodities purchased under this Act, without specific approval of the President; and

"(e) afford any friendly nation the maximum opportunity to purchase surplus agricultural commodities from the United States, taking into consideration the opportunities to achieve the declared policy of this Act and to make effective use of the foreign currencies received to carry out the purposes of this Act.

"SEC. 102. (a) For the purpose of carrying out agreements concluded by the President hereunder, the Commodity Credit Corporation, in accordance with regulations issued by the President pursuant to subsection (b) of this section, (1) shall make available for sale hereunder at such points in the United States as the President may direct surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price support operations, and (2) shall make funds available to finance the sale and exportation of surplus agricultural commodities from stocks owned by the Corporation or pledged or mortgaged as security for price support loans or from stocks privately owned if the Corporation is not in a position to supply the commodity from its owned stocks: *Provided*, That to facilitate the use of private trade channels the Corporation, even though it is in a position to supply the commodity, may finance the sale and exportation of privately owned stocks if the Corporation's stocks are reduced through arrangements whereby the private exporter acquires the same commodity of comparable value or quantity from the Commodity Credit Corporation. In supplying commodities to private exporters under such arrangements Commodity Credit Corporation shall not be subject to the sales price restriction in section 407 of the Agricultural Act of 1949, as amended.

"(b) In order to facilitate and maximize the use of private channels of trade in carrying out agreements entered into pursuant to this Act, the President may, under such regulations and subject to such safeguards as he deems appropriate, provide for the issuance of letters of commitment against funds or guaranties of funds supplied by the Commodity Credit Corporation and for this purpose accounts may be established on the books of any department, agency, or establishment of the Government, or on terms and conditions approved by the Secretary of the Treasury in banking institutions in the United States. Such letters of commitment, when issued, shall constitute obligations of the United States and moneys due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds.

"SEC. 103. (a) For the purpose of making payment to the Commodity Credit Corporation to the extent the Commodity Credit Corporation is not reimbursed under section 105 for commodities disposed of and costs incurred under titles I and II of this Act, there are hereby authorized to be appropriated such sums as are equal to (1) the Corporation's investment in commodities made available for export under this title and title II of this Act, including processing, packaging, transportation, and handling costs, and (2) all costs incurred by the Corporation in making funds available to finance the exportation of surplus agricultural commodities pursuant to this title. Any funds or other assets available to the Commodity Credit Corporation may be used in advance of such appropriation or payments, for carrying out the purposes of this Act.

"(b) Transactions shall not be carried out under this title which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of $700,000,000.

"SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

"(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis;

"(b) To purchase or contract to purchase strategic and critical materials, within the applicable terms of the Strategic and Critical Materials Stockpile Act, for a supplemental United States stockpile of such materials as the President may determine from time to time under contracts, including advance payment contracts, for supply extending over periods up to ten years. All strategic and critical materials acquired under authority of this title shall be placed in the above named supplemental stockpile and may be additional to the amounts acquired under authority of the Strategic and Critical Materials Stockpile Act. Materials so acquired shall be released from the supplemental stockpile only under the provisions of section 3 of the Strategic and Critical Materials Stockpile Act;

"(c) To procure military equipment, materials, facilities, and services for the common defense;

"(d) For financing the purchase of goods or services for other friendly countries;

"(e) For promoting balanced economic development and trade among nations;

"(f) To pay United States obligations abroad;

"(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

"(h) For the financing of 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)):

Provided, however, That section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f) and to not less than 10 per centum of the foreign currencies which accrue under this title: *Provided, however*, That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title.

"SEC. 105. Foreign currencies received pursuant to this title shall be deposited in a special account to the credit of the United States and shall be used only pursuant to section 104 of this title, and any department or agency of the government using any of such currencies for a purpose for which funds have been appropriated shall reimburse the Commodity Credit Corporation in an amount equivalent to the dollar value of the currencies used.

"SEC. 106. As used in this Act, 'surplus agricultural commodity' shall mean any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either privately or publicly owned, which is or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

"SEC. 107. As used in this Act, 'friendly nation' means any country other than (1) the U. S. S. R., or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

"SEC. 108. The President shall make a report to Congress with respect to the activities carried on under this Act at least once each six months and at such other times as may be appropriate and such reports shall include the dollar value, at the exchange rates in effect at the time of the sale, of the foreign currency for which commodities exported pursuant to section 102 (a) hereof are sold.

"SEC. 109. No transactions shall be undertaken under authority of this title after June 30, 1957, except as required pursuant to agreements theretofore entered into pursuant to this title.

"TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

"SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) f. o. b. vessels in United States ports, as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government.

"SEC. 202. The President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments or through voluntary relief agencies: *Provided*, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.

"SEC. 203. Not more than $300,000,000 (including the Corporation's investment in the commodities) shall be expended for all transfers, including delivery on board vessels in United States ports, under this title. The President may make such transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable.

"SEC. 204. No programs of assistance shall be undertaken under the authority of this title after June 30, 1957.

"TITLE III—GENERAL PROVISIONS

"SEC. 301. Section 407 of the Agricultural Act of 1949 is amended by adding at the end thereof the following: 'Notwithstanding the foregoing, the Corporation, on such terms and conditions as the Secretary may deem in the public interest, shall make available any farm commodity or product thereof owned or controlled by it for use in relieving distress (1) in any area in the United States declared by the President to be an acute distress area because of unemploy-

ment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities and (2) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, Eighty-first Congress, as amended (42 U. S. C. 1855). Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making such commodity available beyond the cost of the commodities to the Corporation in store and the handling and transportation costs in making delivery of the commodity to designated agencies at one or more central locations in each State.'

"SEC. 302. Section 416 of the Agricultural Act of 1949 is amended to read as follows:

" 'SEC. 416. In order to prevent the waste of commodities acquired through price-support operations by the Commodity Credit Corporation before they can be disposed of in normal domestic channels without impairment of the price-support program or sold abroad at competitive world prices, the Commodity Credit Corporation is authorized, on such terms and under such regulations as the Secretary may deem in the public interest: (1) upon application, to make such commodities available to any Federal agency for use in making payment for commodities not produced in the United States; (2) to barter or exchange such commodities for strategic or other materials as authorized by law; (3) in the case of food commodities to donate such commodities to the Bureau of Indian Affairs and to such State, Federal, or private agency or agencies as may be designated by the proper State or Federal authority and approved by the Secretary, for use in the United States in nonprofit school-lunch programs, in the assistance of needy persons, and in charitable institutions, including hospitals, to the extent that needy persons are served; and (4) to donate any such food commodities in excess of anticipated disposition under (1), (2), and (3) above to nonprofit voluntary agencies registered with the Committee on Voluntary Foreign Aid of the Foreign Operations Administration or other appropriate department or agency of the Federal Government and intergovernmental organizations for use in the assistance of needy persons outside the United States. In the case of (3) and (4) above the Secretary shall obtain such assurance as he deems necessary that the recipients thereof will not diminish their normal expenditures for food by reason of such donation. In order to facilitate the appropriate disposal of such commodities, the Secretary may from time to time estimate and announce the quantity of such commodities which he anticipates will become available for distribution under (3) and (4) above. The Commodity Credit Corporation may pay, with respect to commodities disposed of under this section, reprocessing, packaging, transporting, handling, and other charges accruing up to the time of their delivery to a Federal agency or to the designated State or private agency, in the case of commodities made available for use within the United States, or their delivery free alongside ship or free on board export carrier at point of export, in the case of commodities made available for use outside the United States. For the purpose of this section the terms "State" and "United States" include the District of Columbia and any Territory or possession of the United States.'

"SEC. 303. Whenever the Secretary has reason to believe that, in addition to other authorized methods and means of disposing of agricultural commodities owned by the Commodity Credit Corporation, there may be opportunity to protect the funds and assets of the Commodity Credit Corporation by barter or exchange of such agricultural commodities for (a) strategic materials entailing less risk of loss through deterioration or substantially less storage charges, or (b) materials, goods or requipment required in connection with foreign economic and military aid and assistance programs, or (c) materials or equipment required in substantial quantities for offshore construction programs, he is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private trade channels, such barters or exchanges or to utilize the authority conferred on him by section 4 (h) of the Commodity Credit Corporation Charter Act, as amended, to make such barters or exchanges. Agencies of the United States Government procuring such materials, goods or equipment are hereby directed to cooperate with the Secretary in the disposal of surplus agricultural commodities by means of barter or exchange. Strategic materials so acquired by the Commodity Credit Corporation shall be considered as assets of the Corporation and other agencies of the Government, in purchasing strategic materials, shall purchase such materials from Commodity Credit Corporation inventories to the extent available in fulfillment of their requirements. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for strategic materials.

"SEC. 304. The President shall exercise the authority contained herein (1) to assist friendly nations to be independent of trade with the U. S. S. R. or nations dominated or controlled by the U. S. S. R. for food, raw materials and markets, and (2) to assure that agricultural commodities sold or transferred hereunder do not result in increased availability of those or like commodities to unfriendly nations.

"SEC. 305. All Commodity Credit Corporation stocks disposed of under title II of this Act and section 416 of the Agricultural Act of 1949, as amended, shall be clearly identified by, as far as practical, appropriate marking on each package or container as being furnished by the people of the United States of America."

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill, and agree to the same with an amendment as follows: Amend the title so as to read: "An Act to increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes."

And the House agree to the same.

CLIFFORD R. HOPE,
AUG. H. ANDRESEN,
WILLIAM S. HILL,
HAROLD D. COOLEY,
W. R. POAGE,
Managers on the Part of the House.

GEORGE AIKEN,
MILTON R. YOUNG,
EDWARD J. THYE,
BOURKE B. HICKENLOOPER,
ANDREW F. SCHOEPPEL,
ALLEN J. ELLENDER,
OLIN D. JOHNSTON,
SPESSARD L. HOLLAND,
CLINTON P. ANDERSON,
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 House to 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, 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 the amendments.

EXPLANATION OF CHANGES

The House amendment struck out all after the enacting clause of the Senate bill and inserted new language therefor. The Senate disagreed to the House amendment in toto, without specific instructions to its conferees, and the conference report agreed to by the conferees and submitted herewith is basically the amendment as approved by the House with such changes as were agreed upon in conference.

Except for minor and clarifying amendments the following is an explanation of the differences between the House amendment and the amendment agreed to by the conferees.

Section 101 (a): The committee of conference has added to this subsection the words "and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities". This language is substantially similar to that in the bill as reported by the House Agriculture Committee and is meant to reassure friendly nations that there is no intention on the part of the United States of undertaking a surplus dumping program.

Section 102 (a): The conferees struck out of the first sentence the House language "direction of the President" and substituted "regulations issued by the President pursuant to subsection (b) of this section". The purpose of this change was to make this subsection consistent with the terminology of subsection (b). The committee of conference further amended this section by reinstating, with the exception noted above, the language of the bill substantially as reported by the House Agriculture Committee.

Section 103 (b): The committee of conference struck out "$1,000,000,000" and substituted "$700,000,000". This will have the effect of limiting operations under title I to a total of not to exceed $700,000,000 for the 3 years ending June 30, 1957.

Section 104: The committee of conference amended this section by deleting the reference to section 2, the policy statement of the act. This has the effect of limiting the use of the foreign currencies acquired pursuant to the act to those purposes set out in section 104.

Section 104 (b): Language was added by the conference committee making it clear that in purchasing or contracting to purchase strategic materials pursuant to the provisions of this subsection for a supplemental stockpile the President is not limited to those strategic materials which may have heretofore been purchased, but may acquire new or additional materials.

Subsections 104 (d), (e), and (f): No change is made in the language of these subsections but their intent is modified by language which has been added in the first proviso of section 104 making it clear that foreign currency used for grants under subsections (d) and (e) and to pay United States obligations involved in grants under (f) shall be subject to the provisions of section 1415 of the Supplemental Appropriation Act, 1953, unless waived by the President.

These provisos in section 104 spell out the situation in which Government agencies and departments must, in the absence of a Presidential determination to the contrary, pay dollars to the Treasury as a prerequisite to expending foreign currency proceeds of sales made under this act. Section 105 (in which the conference committee made no change) requires that any dollars thus disbursed to the Treasury by Government agencies and departments out of appropriated funds, as a prerequisite to their use of foreign currency sales proceeds, shall be used as part of the total reimbursement to the Commodity Credit Corporation.

Section 106: A change made in this section will permit the Secretary of Agriculture to determine in advance that an agricultural commodity may be in surplus.

Section 108: Language added by the conferees will require that reports submitted to the Congress shall include the dollar value of the foreign currency for which commodities are sold.

Section 202: A proviso added by the conference committee requires that the President take reasonable precautions that commodities transferred pursuant to this section will not displace or interfere with sales that might otherwise be made.

Section 203: This section was eliminated from the amendment adopted by the House.

Section 301: The committee of conference adopted language changes recommended by the Department of Agriculture to place on the Secretary of Agriculture the responsibility for establishing terms and conditions for surplus disposal under section 407 of the Agricultural Act of 1949, as amended by this section, and to make the authority for supervising distribution of such commodities consistent with the authority contained in section 416 of the 1949 act and other legislation. The language change also makes it possible to include processed foods (such as cheddar cheese or nonfat dry-milk solids) as well as agricultural commodities.

Section 302: The committee of conference has approved language changes which will broaden the authority to barter surplus commodities for strategic or other materials not produced in adequate quantities in the United States, limiting provisions 3 and 4 of the section to food commodities, eliminating State or Federal penal and corrective institutions as eligible recipients of donated commodities, and changing the language of the sentence relating to assurances that donated food will not diminish normal expenditures for food so that it can be more effectively administered. The new language also eliminates publicly owned hospitals as eligible recipients and substituted the words "charitable institutions, including hospitals, to the extent that needy persons are served". The committee understands that this language and other authority in the section will make possible donation of surplus foods to eleemosynary institutions such as State mental hospitals, etc.

Section 303 of the House amendment was eliminated. This would have amended the "section 32" authority to permit distribution of surplus commodities under that authority to State penal and corrective institutions and the change is made in order to keep this law consistent with the basic authority under section 416 of the Agricultural Act of 1949, as amended by section 302 of this bill.

Section 304 is amended by the adoption of language proposed by the Department of Agriculture which will substantially broaden the barter directive given to the Secretary of Agriculture to include not only strategic materials but also materials, goods, or equipment required in connection with foreign assistance programs and materials or equipment required for offshore construction programs.

Section 305: As approved by the committee of conference the new language of this section is intended to carry out the objectives of section 305 of the House amendment without imposing on the President the virtually impossible administrative responsibility of making a detailed investigation and determination before authorizing the transfer or sale of any surplus agricultural commodity to any nation. The requirement of section 305 (2) as approved by the committee of conference, that the President "assure" that sales of agricultural commodities under this act do not result in increased exports of the same or like commodities to unfriendly nations, is consistent with the same type of requirement of section 102 (d) and means that the President shall obtain assurance from foreign governments that they do not intend, as a result of a purchase under this act, to resell an equivalent quantity of the same or similar commodity to the Soviet bloc.

CLIFFORD R. HOPE,
AUG. H. ANDRESEN,
WILLIAM S. HILL,
HAROLD D. COOLEY,
W. R. POAGE,
Managers on the Part of the House.

Mr. BAILEY. Mr. Speaker, will the gentleman from Kansas yield so that I may ask him as to the changes made in section 302 relative to strategic materials?

Mr. HOPE. Yes, I will be happy to yield to the gentleman from West Virginia.

There was a slight change made in the conference in section 302. It broadens the authority somewhat to use surplus commodities to barter for strategic and other materials not produced in adequate quantities in the United States. That is the only difference that is made as far as strategic materials are concerned.

Mr. BAILEY. The strategic materials we can trade for are those not produced in the United States?

Mr. HOPE. Not necessarily those not produced in the United States. I will read the language to the gentleman. In the statement of the conferees we made it clear that the interpretation is that surplus commodities may be bartered for materials which are not produced in adequate quantities in the United States. That is the interpretation which the House conferees put on the language contained in the bill.

Mr. BAILEY. There is no other change made affecting section 302?

Mr. HOPE. There are some other slight changes in section 302, but not affecting strategic materials.

Mr. Speaker, to more directly answer the gentleman's question as to the provision in the conference bill, the language which relates to barter reads as follows:

To barter or exchange such commodities for strategic or other materials as authorized by law.

Then, in our report of the House conferees, we state that that is to apply to strategic materials which are not produced in adequate quantities in the United States. So I think that protects the gentleman in the respect in which he is interested.

Mr. BAILEY. I thank the gentleman from Kansas for the information.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

CONSTRUCTION OF CERTAIN NAVAL VESSELS

Mr. SHORT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table, the bill (H. R. 8571) to authorize the construction of naval vessels, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. ARENDS, VINSON, and DEVEREUX.

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.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read through line 7 on page 31 of the bill. The remainder of the bill was considered as read and open for amendment at any point. An agreement was made that further debate on the bill, and all amendments thereto, would be limited to 20 minutes.

The Clerk will report the amendment offered by the gentleman from Ohio [Mr. Bow].

The Clerk read as follows:

Amendment offered by Mr. Bow: On page 46, line 9, after the word "stockpiles", change the semicolon to a period and strike out the balance of line 9 and lines 10 through 13.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. Bow] for 5 minutes, but will ask the gentleman to yield for a moment in order that the Chair may make a statement.

The Chair is informed that at the time the Committee rose on yesterday, the following gentlemen were on their feet: Mr. VORYS of Ohio, Mr. TOLLEFSON of Washington, Mr. PELLY of Washington, Mr. GROSS of Iowa, Mr. JAVITS of New York, Mr. FULTON of Pennsylvania, Mr. JUDD of Minnesota, Mr. DEVEREUX of Maryland, Mr. COOLEY of North Carolina, Mr. POAGE of Texas, Mr. CELLER of New York, Mr. SHELLEY of California, Mr. ALLEN of California, Mr. DORN of New York, Mr. ADAIR of Indiana, Mr. CRUMPACKER of Indiana, Mr. BAILEY of West Virginia, Mr. ZABLOCKI of Wisconsin, Mr. LAIRD of Wisconsin, Mr. PROUDY of Vermont, Mr. RICHARDS of South Carolina, and, of course, the gentleman from Ohio [Mr. Bow] whose amendment has been reported by the Clerk and who has been recognized to speak on his amendment.

Mr. BONNER. Mr. Chairman, I was on my feet and wanted time to speak.

Mr. ROONEY. Mr. Chairman, I also wanted to be recognized.

The CHAIRMAN. The Chair will add the gentleman from North Carolina [Mr. BONNER] and the gentleman from New York to the list.

Mr. VORYS. Mr. Chairman, a point of order. If I recall the 20-minute limi-

tation on debate, it was not agreed to by unanimous consent but by a vote. Therefore, the matter of those who were on their feet was not incorporated in the motion and is not controlling upon the committee as a whole.

The CHAIRMAN. The gentleman is correct, unless the unanimous-consent request is agreed to that the time be divided.

The Chair will, in his wisdom, select Members for recognition.

The gentleman from Ohio [Mr. Bow] is recognized for 5 minutes in support of his amendment, under the general rules of the House.

Mr. BOW. Mr. Chairman, this amendment is to section 502, on the use of foreign currency.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield.

Mr. VORYS. As far as I know, the committee has no objection to this amendment, which is a matter between the Appropriations Committee and the Foreign Affairs Committee.

Mr. BOW. I yield back the remainder of my time, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. Bow].

The amendment was agreed to.

Mr. TOLLEFSON. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. TOLLEFSON: On page 57 after line 18 add a new section to read as follows:

"SEC. 513. Shipping on United States vessels: Such steps as may be necessary shall be taken to assure, as far as practicable, that at least 50 percent of the gross tonnage of commodities, materials, and equipment procured out of funds made available under sections 103, 105, 123, 131, 132 (a), 201, and 303 of this act and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services and computed separately for section 103 and 105 (taken together) and for sections 123, 131, 132 (a), 201, and 303 (taken together) is so transported on United States flag commercial vessels to the extent such vessels are available at market rates for United States flag commercial vessels; and, in the administration of this provision, steps shall be taken, insofar as practicable and consistent with the purposes of this act, to secure a fair and reasonable participation by United States flag commercial vessels in cargoes by geographic area."

Mr. TOLLEFSON. Mr. Chairman, this is the so-called 50–50 provision which we have placed in every foreign-aid bill since the program started. This language restores a provision in the bill which the executive department sent to the House for consideration. The administration still wants this language or this provision in this bill.

I read from a section-by-section analysis of the bill, which was printed after the bill was reported to the House, and which carries comments by the executive branch.

I wish to read one sentence which pertains to this particular provision:

The executive branch requests restoration of the 50–50 shipping provision, which the House committee omitted from the bill.

So the executive department wants this provision in the bill. FOA, which will administer it, also wants it in the bill. This provision or a similar provision, as I have indicated, has been in every foreign-aid bill that we have acted upon since I have been a Member of this House. I might say parenthetically that in every case the Foreign Affairs Committee has sought to oppose it. In this particular case I feel the committee has ignored the intent and wishes of this Congress, because, as I have indicated, we have placed this provision in every foreign-aid bill heretofore, with the exception of the agricultural-surplus bill which the House acted upon a few days ago. But that bill was different from the foreign-aid bills generally because the objective was in large part to sell surpluses for foreign currency.

Notwithstanding our previous actions, the Foreign Affairs Committee seems always to ignore the wishes of Congress and again this time has deleted it from the bill.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. BOGGS. Is it not a fact that time and time again we have tried to get this on in committee, but failing there did it on the floor of the House?

Mr. TOLLEFSON. That is right.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from New York.

Mr. ROONEY. I wish to commend the gentleman from Washington, the distinguished Chairman of the House Committee on Merchant Marine and Fisheries, upon his offering this very necessary amendment which I trust will prevail. It is most vital if we are to have any merchant marine at all. It means much to the shipyards of our Nation. As far as I am concerned every ton of foreign aid cargo should be carried in American ships so as to keep our merchant marine and shipyards alive.

Mr. ALLEN of California. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from California.

Mr. ALLEN of California. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Washington [Mr. TOLLEFSON].

Many of us hold the opinion that an American merchant marine owned, operated, and manned by American citizens sufficient to carry a substantial part of the foreign commerce of the United States is necessary and desirable. I would expect all of us to agree that a sufficient merchant marine is absolutely essential for carrying troops and supplies in wartime.

We now find that the need of the Defense Department for the ships of the merchant marine and the industry which operates, directs, and repairs them is greater than the private operation under existing conditions is able to meet. In a recent statement before the Merchant Marine and Fisheries Committee, Vice Adm. Roscoe F. Good, Deputy Chief of Naval Operations, Logistics, reaffirmed a statement made by Rear Adm. R. E. Wilson approximately 1 year ago. Admiral Wilson's statement can be found in the Appendix of the CONGRESSIONAL RECORD, volume 99, part 11, page A3819. He said in part as follows:

The Department of Defense * * * considers that in accordance with the latest approved plans, the active operating United States merchant marine * * * should be comprised of the minimum of the following number of vessels.

Here follows a list of the ships required. The admiral went on to say:

A joint analysis by representatives of the Maritime Administration and the Navy Department of the total civilian and military requirements for merchant type shipping upon the outbreak of war compared with the current capability of the United States active merchant fleet has been made. In terms of the general types of ships recommended herein, this analysis indicates a deficiency in actual ships as follows: (a) 165 cargo ships, (b) 6 passenger ships, (c) 43 tankers.

The situation has not become better during the year that has elapsed since Admiral Wilson made his statement. I gained the following information from a letter dated June 14, 1954, from the president of the Propeller Club of the United States:

In 1946 American ships handled 65.7 percent of our foreign trade in and out. In 1953 we were down to 28 percent.

Today we are operating 1,200 ships—down about 33 percent (795 private cargo and passenger).

Employment of American seamen is down 33 percent.

Foreign nations are building or have on order 6,400,000 deadweight tons cargo and passenger ships. American yards have no ships building for private account and none on order.

Japan is now operating at 60 percent of its prewar total. Germany is operating at 50 percent of its prewar total.

Our intercoastal and coastwise ships which contributed so quickly and importantly to our war effort in 1941 is down from 2.7 million tons in 1939 to 1 million tons.

In a statement before the Merchant Marine and Fisheries Committee a few days ago, the president of the American Tramp Shipowners Association, said in part the following:

At the present time, approximately 57 percent of the total export and import dry cargo tonnage to and from the United States goes in tramp vessels. Prior to World War II, we had no tramp fleet. Today, we have a sizable tramp fleet, but it is almost entirely in layup while a huge volume of our tramp cargoes is being carried in foreign-flag tramp ships. Tramp vessels are also essential for our national defense. * * * Our only hope of survival in times such as today is to have certain cargoes restricted to American-flag vessels in accordance with the terms of the pending legislation. In the absence of subsidy, legislation such as that now before the committee is an absolute essential if any American tramp vessels are to continue operations.

Mr. Stuart was testifying concerning legislation similar to the provisions of the amendment offered by Mr. TOLLEFSON. American tramp ships are carrying about 17 percent of the 57 percent mentioned in the statement. It should be remembered that at the outbreak of the Korean incident the Navy found it necessary almost immediately to charter

14 foreign-flag tramp vessels including vessels flying the Panamanian, Iranian, Greek, and British flags.

There is good reason why those of us whose committee work brings about constant investigation of the American merchant marine and its ability to carry the foreign commerce of the United States and to act as a military auxiliary in time of emergency offer amendments to bills such as the Mutual Security Act with respect to the carriage of the cargoes which result from such legislation. We have no desire to invade the jurisdiction of the Foreign Affairs Committee with reference to problems within its jurisdiction. We know, however, that the operators of American ships must have some Government assistance or protection if they are to continue to operate. In competition with foreign carriers using foreign labor accustomed to a lower standard of living than American labor, and paid accordingly, we must give financial assistance in sufficient amount to put the American operator using American seamen in a position of equality to compete with this foreign competition. It is equally necessary that our ships have cargoes and passengers to carry. Legislation such as that before us involves such cargoes. We know from experience that if some part of those cargoes is not restricted to carriage in American ships, foreign ships are used for their carriage.

The American merchant marine is essential to our needs in time of conflict. Neither its operations at present nor the number of ships it is using is sufficient for the initial stages of such a conflict. It is therefore vital if it is to exist in sufficient size that a proper proportion of the cargoes arising from the passage of this legislation and other legislation like it should be restricted from the outset for carriage in American flagships. A simple appropriation of money for financial assistance made after the cargoes have moved in other ships is not sufficient for this purpose. Our ships need the cargoes.

Mr. MILLER of California. Mr. Chairman, I favor the amendment by Mr. TOLLEFSON, acting chairman of the Committee on Merchant Marine and Fisheries, that would assure the American merchant marine a fair share of the cargo generated by this bill.

American shipping needs this stimulus. It is in the best interest of our defense effort also.

Mr. THOMPSON of Texas. Mr. Chairman, I have listened with great interest to the remarks by the gentleman from Washington [Mr. TOLLEFSON], the distinguished acting chairman of the Committee on Merchant Marine and Fisheries, of which I was once a member. I agree with his position and commend him for his presentation of the problem of securing for American flag vessels 50 percent of the ocean shipping provided in the bill now under consideration.

The opposition to this provision on the part of the Foreign Affairs Committee is not new. I recall in the 80th Congress a similar fight and at that time I was accused by the then chairman of favoring the American merchant vessels because as he put it, I was dominated by organized labor. As a matter of fact, I had never even been approached by any such group, and I had taken my position on the strength of advice given me by the father of the American merchant marine, the late Schuyler Otis Bland, of Virginia.

I recall an earlier occasion when the same question came up before the Merchant Marine Committee. The administrator of the Marshall plan was testifying as to how the money had been spent during the first year of that program. American vessels had not received their fair share and he told us frankly that unless he was otherwise directed by law he considered it his duty to build up foreign enterprises rather than American. Accordingly, we spelled it out in the law. We understood that he then expressed gratification that at last he had a directive which clearly showed that the Congress wished to give its own citizens a 50–50 break.

Those of us who have always fought the fight for the American merchant marine have heard the arguments which are being brought forth today, ever since the 80th Congress. It is pointless to go into the reasons why men are prejudiced against their own institutions. We may as well charge it off to lack of information and be thankful the majority of the Congress has always been unwilling to build up foreign enterprise, especially shipping, at the expense of our own.

I hope that the committee will again adopt the 50–50 amendment by its usual overwhelming majority.

Mr. TOLLEFSON. Mr. Chairman, I wish to make one or two more statements before I yield further because I do want to get this in the RECORD.

This has the approval of the VFW, the American Legion, the United States Chamber of Commerce, the Propeller Club, every shipping company I know of, and all the labor organizations that I know of.

This amendment will not add one dollar to this bill, not one dollar. It may in the view of some increase the shipping costs, but I dispute that, because any increase in shipping cost of these materials being carried in American-flag bottoms is based upon assumptions, and those assumptions go from one extreme to the other.

If the Foreign Affairs Committee had its will in connection with the merchant marine we would be at the mercy of foreign-flag ships and then it would cost us more, as history has proved time and time again.

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentlewoman from Illinois.

Mrs. CHURCH. I am happy to report to the gentleman that a firm minority of the Foreign Affairs Committee did oppose the action of that committee in striking out this long-accepted 50-50 provision. As one of those who fought for such fairness to American shipping, I certainly hope that the gentleman's amendment will pass.

Mr. TOLLEFSON. I thank the gentlewoman.

Mr. FULTON. Mr. Chairman, will will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from Pennsylvania.

Mr. FULTON. If there is the possibility of subsidizing the American merchant marine why is not that done by another committee and in another bill? Why put it in a foreign-aid bill? There are those of us who feel that this is the wrong place, that it should not be attached to a foreign-aid bill and that it should be within the discretion of the Administrator to decide how the material should be shipped.

Mr. TOLLEFSON. But may I say to the gentleman what he already knows, that the Foreign Affairs Committee time and time again tries to ignore the will of the House which is specific on this matter. Why does the Foreign Affairs Committee always seek to ignore it?

Mr. FULTON. Why do you not bring in a separate bill?

Mr. TOLLEFSON. One is being considered by our committee.

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from New Jersey.

Mr. WOLVERTON. Will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. WOLVERTON. I am in full accord with the views expressed by the gentleman from the State of Washington [Mr. TOLLEFSON]. He is chairman of the House Committee on Merchant Marine and Fisheries. He knows from the experience he has gained on that committee, and as a result of the close study he has made of the subject, that there is good reason for the adoption of the principle for which he contends.

His amendment if adopted would be a great help in maintaining and strengthening our merchant marine. It already has great difficulty meeting foreign competition. Without this amendment the difficulties of our merchant marine would be greatly increased.

It is time that we began to give some attention to the needs of our own country, its industries, its activities, and our American workers and seamen. There are times when our give-away program works, in my opinion, disastrously to our own American interests. This amendment would go a long way to give encouragement and help to our hard-pressed shipping interest.

I am in full accord with the amendment. I hope it will be adopted. I wish there were more time for the gentleman [Mr. TOLLEFSON], who offered the amendment, and for others who favor the amendment to be heard. I sincerely hope the amendment will be adopted.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. Gladly.

Mr. SHORT. Certainly I think we should be as fair to our own people as we are to foreigners. I hope that the gentleman's amendment will carry overwhelmingly.

Mr. TOLLEFSON. I thank the gentleman from Missouri.

Mr. Chairman, we only ask for 50 percent of the cargoes. There are those in Congress who feel that we ought to carry

100 percent, but we are only asking for 50.

Mr. SHELLEY. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. SHELLEY. Mr. Chairman, I rise in support of the amendment offered by the distinguished chairman of the Committee on Merchant Marine and Fisheries [Mr. TOLLEFSON]. As a member of that committee, and familiar as I am with the sad state of the American merchant marine, I frankly cannot understand how any Member of this House can do otherwise than support the amendment.

Objection to the amendment has been raised on the ground that it provides a form of subsidy to American shipping, and that, as such, it has no place in this bill. H. R. 9678 authorizes appropriations of $3,440,608,000 for mutual security for the coming fiscal year. Every penny of that amount represents a subsidy in some form, either direct or indirect. Through this bill we are subsidizing American farmers; we are subsidizing munitions manufacturers, both here and abroad; we are subsidizing schools for training military and technical personnel; we are subsidizing electronics manufacturers here and abroad; and, as was brought out in debate yesterday, we are subsidizing both directly and indirectly, the maritime industry of a number of foreign nations. All of this vast subsidy program has the stated purpose of promoting and organizing the mutual defense effort of the United States and our allies. Now, in that defense effort I know of no single item or program which is as important or as essential as the United States merchant marine. Furthermore, I know of no single phase of the overall mutual defense program to which we have paid less attention and in which we are so dangerously weak as we are in the present state of the American private shipping and shipbuilding industry. Since that is the case I would like to know why in the name of all that is holy it is improper for us to permit using a small fraction of the billions of dollars in this bill to give a boost to an industry so vital to our national security as is the American merchant marine.

In adopting this amendment to require that 50 percent of all cargoes financed through these funds be carried in American vessels we are not giving our shipping lines something for nothing, as could be charged in the case of some of the other items authorized. This is one case where we will be receiving full value for the taxpayers' money. As a matter of fact, the investment will more than pay for itself both financially and in terms of preparedness. We should not kid ourselves into thinking that if we fail to adopt the Tollefson amendment the costs of ocean transportation for mutual security cargoes will come from some other source than the American taxpayers' money. If we don't take action to allow American ships to carry a fair share of the cargoes financed by the mutual security program, we will find that the cargoes will be shipped in foreign vessels, at the same going rates and with payment coming either from counterpart funds built up by our dollars, or directly with dollars obtained from us. The declining American merchant marine needs those cargoes far more than do the merchant fleets of foreign maritime nations which have been building up at a tremendous rate. When we provide those fleets with cargoes we simply increase the competition they give our own shipping industry and increase the amounts of direct subsidy to American lines necessary under present law.

So, to the charge that the 50-percent amendment constitutes a subsidy of the American merchant marine I say "sure it does." But I also say that a subsidy of this type, which puts cargoes into our ships and permits them to sail with a full load, is a far more sensible and far less costly proposition than subsidizing empty vessels and paying unemployment compensation to unemployed seamen. When we can put fully loaded ships out to sea and keep our essential maritime manpower afloat, we are taking a far wiser course than we take in making direct subsidy payments to man empty vessels.

There is no gain saying that we must maintain an active merchant marine, aside from the economic importance of the shipping and shipbuilding industry, if for no other purpose than to keep it ready as the "fourth arm of the national defense," as it is rightly called. Even the strongest opponents of this amendment do not and cannot deny that. Money spent for that purpose is no more wasted than the billions we spend each year to operate our Army, our Navy, and our Air Force. Likewise, there is no question but that the only way to keep an active merchant marine in being is through some form of Government subsidy. No businessman in his right mind would attempt to build and operate a fleet of passenger or cargo vessels, subject to the far higher American costs of construction and operation, and do so in direct competition with low wage, low cost foreign steamship lines unless he was assured of some form of assistance to offset the differences in costs. Without a program of subsidies to permit our lines to pay the scale of wages necessary for our seamen to maintain an American standard of living, none of our American young men would ever go to sea and who among us would blame them?

Certainly we have no more right to expect seamen to work for 1890 wages than we have to expect the American farmer to grow our food at 1890 prices. This afternoon we will begin debate on a bill to give the American farmer guaranties of some form of parity in the prices he receives for his crops. No matter which of the proposals are adopted, this program will subsidize the people who operate and work on our farms to the tune of billions of dollars in coming years as it has in the past. Our merchant marine is no less essential to our national well-being. This mutual-security bill includes provisions for disposition of some of the farm products acquired as a result of the farm-subsidy program, and the expenses incurred under those provisions certainly are a form of indirect subsidy to our farmers. The inclusion of Congressman TOLLEFSON'S amendment, when considered in the light of these farm subsidy provisions or in the strictest definition of the national interest, are not out of line.

Mr. Chairman, in 1946 71 percent of our dry-cargo exports and 65 percent of our imports were carried in American-flag vessels. In 1953 we carried less than 22 percent of our exports and 33 percent of our imports. In 1948, when the principle of carrying at least 50 percent of foreign-aid cargoes in American vessels was established, we were still carrying 46 percent of exports and 55 percent of imports in our own ships. Despite the effect of the continued operation of the 50 percent principle, we have reached a point now where we are carrying an even smaller percentage of our foreign trade than we were prior to World War II. Without the 50 to 50 provision, which Congress has sensibly included in each successive foreign-aid program, our position would be drastically worse than it now is. For us to reject the principle now, when the need is far greater than it was in 1948, would be a sorry example of muddled thinking on our part.

Those who oppose this action for the protection of American shipping often use the argument that our friendly allies need the dollars they acquire through use of their vessels to carry our cargoes. It is interesting to note that a study of the problem covering the years 1949 to 1951 disclose that even if foreign ships had carried all of our oceanborne commerce—not only foreign-aid cargoes but all cargoes—during that period, it would have made a difference of only 8 percent in their unfavorable trade balance during those 3 years. Since that time both their trade balances and the conditions of their merchant fleets have improved immeasurably. The condition of our merchant marine has correspondingly declined. To quote former Secretary of Commerce Charles Sawyer in discussing this problem, "We could ill afford the destruction of an essential American industry to pay for this small increase in foreign purchasing power." We can afford it much less now.

Mr. Chairman, I trust that an overwhelming majority of the Members of the House will show that they grasp the fundamental importance of supporting American-flag shipping by approving the Tollefson amendment.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. BAILEY. I want to commend the gentleman from Washington for offering the amendment. I think it is justifiable under the circumstances and will not add any additional cost.

Mr. TOLLEFSON. I thank the gentleman from West Virginia.

Mr. DORN of New York. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from New York.

Mr. DORN of New York. I want to endorse the gentleman's remarks and wish to ask the gentleman if it is not

true that all of the members of the Merchant Marine and Fisheries Committee also endorse this provision?

Mr. TOLLEFSON. I know of no one on this committee who does not endorse this proposition.

Mr. PELLY. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. PELLY. Mr. Chairman, I rise in support of the amendment of the gentleman from Washington [Mr. TOLLEFSON].

This provision that American ships manned by American crews carry half of the foreign-aid cargoes has been in every foreign-aid bill from the Marshall plan down to date. To delete the 50–50 shipping clause at this time would be like kicking a man when he is down.

The members of this committee know full well that the fourth arm of our defense, our merchant marine, is at a very low ebb due to low-wage foreign competition.

When disaster strikes and through drought or flood our farmers in a disaster area face ruin, the Federal Government steps in—and rightly so. But when our ships are laid up for want of cargoes and our seamen become idle, relief in the form of partial use of these vessels for federally financed shipments is decried. In World War II, when victory was only possible because of these American ships, American seamen, for their sacrifices and heroic achievements, were patted on the back; now they are hit below the belt.

The sailors and men who man our ships are human beings—just as human as our farmers. Both have families to support, both have children to clothe and feed. The livelihood of any group of American citizens deserve consideration, but here is a case of where we are asked to either subsidize a rusting fleet of unmanned ships in idleness with an even larger and more desolate graveyard of rotting hulls, with their trained crews of seamen dissipated and in breadlines; or utilizing a part of these ships and maritime manpower to carry federally financed cargoes to sustain the weak and needy peoples of other land in enlightened self-interest. Simple economics dictate the overall and ultimate saving to American taxpayers by using American ships and employing American seamen.

The least we can do, it seems to me, is continue the long established policy of providing that one-half of foreign-aid shipments be transported in American bottoms. To reverse this 50–50 policy now would be a tragic mistake; therefore, most earnestly I urge the members of this committee to adopt the amendment of the gentleman from Washington.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

May I say, Mr. Chairman, that the arrangements made after the House voted to limit debate to 20 minutes were made so that at least 10 minutes could be devoted to this amendment which at least the committee thought was certainly the most important amendment that we knew of that was still before the committee.

Our committee, the Committee on Foreign Affairs, believes in an American merchant marine as a vital part of our national defense. The Foreign Affairs Committee believes in subsidizing the American merchant marine. Our Foreign Affairs Committee, however, does not believe in indirect subsidies which increase the cost of foreign aid, and that is why we have repeatedly tried to get the 50–50 proposition out of the bill. We want to cut the cost of foreign aid. We want to have any necessary subsidies for the American merchant marine as direct subsidies in separate legislation.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Texas.

Mr. BURLESON. As a matter of fact, the record shows in connection with this foreign-aid matter that about a billion dollars have been paid for shipping products overseas. About $700 million of that billion dollars has gone to our own merchant fleet. The increased cost, so the figures show, was $121 million and it is estimated in the reduced program for this year, 1954, the increased cost will be in the neighborhood of $4 million. It is my understanding that the Senate passed a bill, S. 3233, on June 16, which was referred to the Committee on Merchant Marine and Fisheries of the House on the next day, June 16. This measure has passed the Senate, which settles this question once and for all. I would assume that the Merchant Marine Committee will present legislation to the floor and it seems to me it would be much better to postpone this matter here until the issue comes to the floor in full debate on a question which does arise each time this measure and other measures come here. Only last week, contrary to what someone said that it has always passed and it has been the sentiment of the House that this provision should be included, it was rejected in the bill we passed last week.

Mr. VORYS. That is the point I wanted to make. The very last time this 50–50 proposal was before the House to load up foreign aid with an indirect subsidy for American shipping in the agricultural surplus bill, the House rejected it; therefore, your Committee on Foreign Affairs feels that the wise thing to do, as the gentleman from Texas has said, is to leave it out of this bill as the House left it out of a foreign-aid bill passed last week, and let the Merchant Marine Committee study this policy and bring it to the floor, at which time we can consider it rather than at the tail end of this bill.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the remainder of the time be divided among those who wish to speak on this or any other matter, but I think first we should vote on this amendment that is before the House. That is the best way I can think of to handle the matter.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. GROSS. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington.

Mr. BONNER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BONNER. Mr. Chairman, do I understand this amendment will be voted on immediately and that no one else will be permitted to discuss the amendment before it is voted on?

The CHAIRMAN. Anyone who is on the list will be permitted to discuss the amendment.

Mr. BONNER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had not proposed to take up the time of the House on this bill, but I do want to ask the chairman or the acting chairman of the Committee on Foreign Affairs a question in order to correct an insinuation that he made. It is a fact that the House did vote down an amendment that was offered to the foreign aid bill passed here recently. But the reason that amendment lost was that it provided that of the commodities in surplus owned by the Commodity Credit Corporation that were purchased by foreigners, 50 percent should go in American-flag vessels. I admit, I think that was an error, but here in this case where we are giving away and aiding foreign nations and making offshore purchases, it is certainly to be expected that a portion, and a fair portion, of these commodities should go in American-flag vessels.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from Louisiana.

Mr. BOGGS. The gentleman from Ohio to my knowledge has never supported this amendment. Maybe he has, and if I am wrong, he can correct me. But, as far as I remember, he has opposed it every time it has been offered, and I think we have to judge a man by his actions. He said he is for a subsidized American merchant marine, but he is opposed to this because it is going to cost too much. Under his program we are depriving the American merchant marine of carrying its own cargoes, and this action saves money.

Mr. BONNER. I thank the gentleman for his contribution.

The point has been raised by the gentleman from Texas as to what has been paid the American merchant marine in these foreign-aid programs. Now I will ask the gentleman what has been paid foreign-flag ships in this program and in all the programs we have had heretofore. Is it not about 3 or 4 times as much?

Mr. BURLESON. Mr. Chairman, if the gentleman will yield, this is a simple matter of arithmetic. Seven hundred thousand dollars has gone to our own merchant marine, and about $300,000 has gone to foreign-flag vessels.

Mr. BONNER. Evidently it must be more than that, because we have not carried 50 percent. Neither have we

carried the preferential cargoes. We have carried in American bottoms cargoes that were the cheapest freight to carry.

Mr. BURLESON. According to the figures I got from the merchant marine, United States flag vessels from the Gulf ports to Hamburg, Germany—I use this as an example—cost $9 or $10 and foreign-flag ships cost $7. Those from the west coast to Japan, our own flag vessels, averaged $11 and foreign vessels $6.

Mr. BONNER. Those are tramp prices.

Mr. BURLESON. That is right.

Mr. BONNER. They are not established running prices. They are the quoted tramp prices. The commercial conference rates apply to both American-flag ships and foreign-flag ships, so certainly the gentleman is not quoting the conference rates.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from West Virginia.

Mr. BAILEY. In the case of the giveaway of wheat to Pakistan, we estimated the cost there as a minimum of $21 a ton, and I undertand the American shipping bid was as low as $16 and $17. There is no need to get scared about the cost.

Mr. TOLLEFSON. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from Washington, the distinguished chairman of the Merchant Marine Committee of the House.

Mr. TOLLEFSON. One item has not been mentioned here. We talk about the matter of subsidy and there have been expressions on the part of a number of individuals that they would support a direct subsidy. Of course, when it comes time to vote on direct subsidies in appropriation bills, their actions indicate that they will vote otherwise. But, there is another matter that should be touched upon, and that is the matter of cargoes. You can subsidize these lines all you want, but they are not going to run unless they have cargoes, and that is what we are after. We want cargoes for American ships so that we can keep operating.

Mr. BONNER. I will say to the Committee that the MST, Military Sea Transport, share in this foreign aid program is a major item of the exports from American ports today, so we are only asking that the American-flag vessels—privately owned and operated—carry a portion, a fair portion, 50 percent, of this cargo. How do you expect the American-flag vessels to operate if a major portion of our exports are carried on foreign-flag vessels?

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. GROSS. Mr. Chairman.

Mr. RICHARDS. Mr. Chairman, a parliamentary inquiry.

Mr. CRUMPACKER. Mr. Chairman, I offer a preferential motion.

Mr. GROSS. Mr. Chairman, I offer a preferential motion.

The CHAIRMAN. Does the gentleman have a preferential motion also?

Mr. GROSS. I do, Mr. Chairman.

Mr. RICHARDS. Mr. Chairman, is it proper to propound a parliamentary inquiry?

The CHAIRMAN. Yes.

Mr. RICHARDS. How much time do we still have left?

The CHAIRMAN. Five minutes, but there are two preferential motions pending.

Mr. RICHARDS. May I make a further parliamentary inquiry, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. RICHARDS. How many names do we have to divide that time?

The CHAIRMAN. Up to this time, 20. There has been no agreement made to divide the time so we must proceed under the general rules of the House.

Mr. VORYS. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. I believe there has been no amendment offered to the bill since the last preferential motion was made, is that correct?

The CHAIRMAN. The Bow amendment was agreed to.

The Chair will follow the rule of seniority and recognize the gentleman from Iowa [Mr. GROSS], as there have been two preferential motions offered that are exactly the same. The Clerk will report the motion.

The Clerk read as follows:

Mr. GROSS moves that the Committee now rise and report the bill to the House with a recommendation that the enacting clause be stricken out.

Mr. GROSS. Mr. Chairman, I hope the enacting clause will be stricken out even though I have five amendments at the desk. I appreciate the action of the leadership yesterday in limiting debate on this bill and at least 10 amendments to 20 minutes. I want to thank the gentleman who sponsored that action, leading to this virtual gag rule.

I have offered a motion to page 42, to strike section 415, which reads:

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.

Why in the world should we spend any money under this bill to transport people to Russia, in order that they may live in Russia? Provision has always been made for the transportation of deportees to foreign countries. If there are residents of this country who feel that Russia is a land of milk and honey and want to make their home there, let them pay their own transportation costs. Why saddle this on American taxpayers. I hope my motion will be adopted.

Another motion that I have offered is to page 44, section 418, which provides that the President shall be indirectly the head of a glorified travel agency for which the taxpayers will be gouged for the administrative expenses. That ought to be stricken.

On page 64, I have offered a motion to strike paragraph (b) which provides that not to exceed 60 persons may be compensated without regard to the provisions of the Classification Act of 1949, as amended, and that 35 of these may be compensated at rates higher than those provided for in grade 15.

In other words, here are 35 people who under the terms of this bill are apparently going to be put into the super grades, 16, 17 and 18, and paid fancy salaries. That ought to be stricken.

On page 66, I have offered a motion to strike section 529, which provides that the President may take personnel from any agency of the executive branch of the Government and transfer them to jobs in this foreign giveaway program.

That provision ought to be stricken.

On page 72, I have offered a motion to section 533. Please listen to what section 533 provides:

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.

If you enact that provision of the law you have given the President of the United States dictatorial power over the spending of billions of dollars and nullified laws that have been wisely enacted governing contracts.

You can vote for this bill with that provision in it, if you wish. I do not intend to do so.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. WILLIAMS of Mississippi. I agree with the gentleman that all his amendments are certainly entitled to consideration. May I point out that it took us 8 hours yesterday to complete action on 28 pages of an 82-page bill. Thanks to the Republican leadership on the other side of the aisle, we have exactly 20 minutes to consider the remaining 54 pages of the bill. For that reason if for no other I think the House would do well to recommit the bill.

Mr. GROSS. The gentleman is exactly correct.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. SMITH of Wisconsin. In view of the fact that there is almost $10 billion of unexpended funds at this time, does the gentleman conclude that recommitting the bill will be to the interest of the country?

Mr. GROSS. It certainly would be.

Mr. DEVEREUX. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Maryland.

Mr. DEVEREUX. As I understand it, this bill is called a mutual defense assistance bill. Does the gentleman see anything inconsistent in providing for our own defense in whatever subsidies may come to our merchant marine, just as well as we provide for assistance and subsidies to foreign countries?

Mr. GROSS. Certainly. I believe in taking care of our own people. I say

again that "mutual security" is just another sweet-scented title. There is neither mutuality nor security in this bill and time and events will continue to prove that statement.

Mr. NEAL. 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 West Virginia?

There was no objection.

Mr. NEAL. Mr. Chairman, the report of the Foreign Affairs Committee on H. R. 9678 deserves careful study by every Member of Congress. Only the members of that committee are in a position to possess even a minimum of information revealing the extent to which this Nation has become involved in the international affairs of countries all around the globe.

From the standpoint of present cooperative effort to resist the spread of communism, the report justifies these enormous expenditures on a thread of hope that continued foreign aid will create a chain of military bastions supported by public opinion favorable to united support of the free nations against aggression.

Congress has been authorizing foreign expenditures on the recommendation of policymakers in Government who see the world through the eyes of international industrialists and financiers. Neither they nor Members of Congress would for 1 minute sponsor these elaborate overseas expenditures if their own capital were known to be the source of such funds. It is easy enough to tax the citizens and spend their money, and then exercise their legal powers to tax more to make up the deficits. It has seemingly become a fixed policy to feel that the citizen is no longer to be considered. He is simply told that it is no longer his business. He must accept war and fear psychology and pay the cost without question.

America has fought foreign wars for 40 years; the Congress has imposed the taxload to the limit of endurance; it has squeezed capital and industry until their reserves, once considered the backlog of our economic structure, are now depleted. It has issued paper I O U's to the tune of two and three-fourths billions and exchanged them for the savings of sacrificing citizens. It has created agencies guaranteeing contingent liabilities which make the Government the possible final arbiter for another $200 billion. All this to promote wars and to keep a step ahead of other nations likewise dedicated to lead the world militarily.

I wonder if spending in foreign lands at the expense of our own people has really accomplished what we had hoped for. It is an historic fact that individual nations will conform to an international policy only as long as it greatly serves their own local interests. The fact that many among the free nations group are necessarily influenced by economic and political developments in their near neighbor nations, means that it follows that any ties with the United States must be subject to these unpredictable influences. Judging from vacillations on the part of a number of key nations considered essential in the alinement of anti-Communist powers, we seriously doubt the stability of our association of allies if and when the real test of their determination to resist aggression becomes imminent. Without a determined will to resist aggression, without a patriotic devotion to the ideals of freedom, no amount of money or military hardware can insure the United States the total assistance needed for a united, firm stand among the free nations against aggression.

It would seem that the measure of the success of foreign spending should be determined by a comparison of conditions prior to and since the series of 40 years of war, which has involved the United States in the affairs of so many foreign countries.

At the conclusion of each of these three foreign wars the United States emerged with reduced resources, increased national debt, less security against international threats, and more confusion in the minds of our people. It now requires more of the resources of the United States to prepare for a war we fear than it did to prosecute the First World War. And still we are asked to believe that we, 160 million people, differing in culture and philosophy from the other 2 billion citizens of the world, can make them all over to our way of life—as if 1 or 2 generations in the history of mankind has ever succeeded in changing the lives and habits of nations much older and more firmly convinced that their own cultures are superior.

I wonder what has come over Americans to plant such grandiose ideas of leadership over nations whose history and traditions for centuries evolved national philosophies and traits of character inherent and subject to little, if any, reactionary changes from outside influences.

I am a firm believer that people usually get along better if they are left alone and allowed to work out their own salvation. If they are free to adopt from foreign ideologies those things which they voluntarily choose, they are much more apt to accept them with pleasure and make them succeed.

If, as it appears in many nations, today's threat of communistic infiltration is so lightly taken, no amount of money, economic aid, or American persuasion will prevent Russian influence from strengthening its hold on these people. If, on the other hand, they are aroused to the dangers and faced with the necessity of self-help, they may then awaken to the fact that "God helps those who help themselves." Once they reevaluate national policies, based on patriotism and united devotion to the cause of freedom, no other philosophy can long survive their determined resistance.

Just as long as America continues to promise unlimited help, just so long will these nations be content to remain supine under the possible hope that America will bail them out of their difficulties. Except as foreign aid promises specific and direct defense benefits to America, any foreign funds not so allocated should be withheld.

The American economy simply cannot stand a continuation of this program as it has been conducted in the past.

Mr. RICHARDS. Mr. Chairman I rise in opposition to the preferential motion.

Mr. Chairman, we are coming to a vote on this momentous question in just a few minutes. I do not reckon that anybody here is satisfied about everything in this bill. It is an unpalatable bill. There have been many disappointments coming to us out of the foreign-aid program, and more disappointments will doubtless come. But do not forget this: We have from the beginning spent over $40 billion on this program because we believed in it, a majority of the Congress of the United States and 3 Presidents from both political parties believed in it, 1 from 1 party and 2 from the other party. In a question like this there should be no room for party partisanship.

What are we going to do? We have put our hand to the plow. Are we going to turn back? Our aim should be the same as it was yesterday.

I do not like some of the things that have happened in France. I am unable to comprehend the disunity there. That has been a disappointment to the people of the United States. I do not like what the British Foreign Secretary, Mr. Eden, said to the cheers of the members of Parliament in Great Britain a few days ago. He must have paid a big price in self-respect to appease Mr. Bevan and Mr. Attlee. The spirit of Munich was there. I do not like what the Vice President of the United States said a day or two ago right at a time when other leaders of both political parties were calling for bipartisanship in this fight. I say I did not like it when he claimed in a public address that mistakes made by a Democratic administration were responsible for what is happening in Indochina today.

Who can say that mistakes made in the past, and many were made and many will still be made in this battle against communism, who will sustain the charge that a Democratic administration was responsible for the plight of Indochina today? It is untrue. It is a foolish charge made with an eye to coming elections. It is unjust.

You have to fight this Communist flow of lava coming from the craters of the world wherever it breaks out, and you do not know where that is going to be tomorrow. Yesterday you did not know where it was going to flow today. But fight it we must, the best way we know how, on other fronts of the world, else we may face it here.

I have sat in this Congress and heard Members and seen Members vote for $50 billion without batting an eye to arm American boys to go out and die for freedom, and yet the same Members will not vote for one-tenth of that amount to get other people to stand by the side of our boys on the battlefronts of the world because they say it is not for our own people. American boys from the Arctic Circle almost to the Antarctic Circle are carrying the flag of the United States on foreign soil, and if war comes

tomorrow they may have to carry the brunt of the battle. We sustain them there with the full faith, credit, and power of these United States. Now, are you going to turn back when we ask you to vote one-tenth of the funds that you are willing to provide for them and the defense of America itself this year in order that others may be able to help them and us? Some of our so-called allies may fall by the wayside—some may become weak, and weary, and afraid—yes, there are some like that in the United States, men and women of little faith. The Good Book says that "faith is the substance of things hoped for, the evidence of things not seen." If there is anything, I reckon, that we lack, the first is faith. If there is any other great human element that we lack, I would say it is patience. The American people want to see this thing settled today. How nice that would be, but this conflict will not be settled today or tomorrow, maybe not in our lifetime. Communism is more determined than that. The question here today is, how determined are we? There are people who are even saying, let us cut loose with the atomic bomb and get this thing over, and quit spending money to help people who do not appreciate what we are trying to do for them. If you are looking for full appreciation, you are looking for the end of the rainbow—you will never get it. We are in this foreign-aid program because a majority here have felt it is best for the United States of America to do so. We should not turn back now. This $3,419,000,000 in this bill, I think, is necessary for this program. Some of it will be wasted, yes—but it is an investment in peace—it is a chance we must take. It is, at the very best, a token of our faith in what we started out to do.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Iowa [Mr. GROSS].

The motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. TOLLEFSON].

The amendment was agreed to.

Mr. CRUMPACKER. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. CRUMPACKER moves that the Committee do now rise and report the bill, H. R. 9678, back to the House with the recommendation that the enacting clause be stricken.

Mr. DONOHUE. 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 Massachusetts?

There was no objection.

Mr. DONOHUE. Mr. Chairman, as I have repeatedly urged in past considerations of this Mutual Security Assistance Act, I am impelled to emphasize again today what I believe to be our positive duty to carefully examine the provisions of this measure on the basis of its fundamental objectives.

I think we can all agree that the primary objective of this legislation is to promote the peace and security of the United States. Inherent in that objective must be recognition of the gravest problem of United States foreign policy, which is the protection of the United States from the Soviet threat.

It is obviously sensible to reasonably assist our friendly allies both militarily and economically, thereby encouraging them to reject communistic overtures and appeals. By such assistance, we are certainly promoting our own security and protecting ourselves from the Kremlin menace.

However, before we go headlong ahead, motivated by the accepted objective, with enthusiastic and unbridled appropriation, I feel that patriotic wisdom compels us to stop for a few moments to reexamine, restudy, reappraise, in summary, this whole foreign-aid program.

Let us vividly realize this bill today is a part of the general foreign aid program which has been running continuously ever since July of 1940. Let us candidly appreciate that through the fiscal years of 1941 to 1945, we gave to foreign countries the amazing total of over $59 billion in American funds, every penny of which was actually borrowed and charged to the account of our American taxpayers.

In the postwar period, for the fiscal years through 1946 to 1953, we granted, in one manner or another, to foreign nations over $55 billion.

In this fiscal year up to May 15, we have made further grants in foreign aid of over $4 billion, which adds up to the impressive figure of over $119 billion. These figures have been testified to by Government sources and remain unquestioned.

In addition to this huge amount, we have furnished aid to other countries through the World Bank and the Monetary Fund to the extent of almost $3½ billion.

Let us not forget that, during the time we have been furnishing this aid, from 1940, the ordinary interest which has had to be paid on the money borrowed to finance our foreign assistance program amounts alone to over $18½ billion.

Now when we put these figures all together, we discover that in principal and interest on these foreign aid programs, continuing since 1940, they have cost the people of the United States the fabulous sum of over $131 billion.

Sad it seems that in spite of the fact of such huge expenditures by the most charitable and generous people in world history, we find that since the start of our foreign aid program, world communism has continually increased and more people are, at this hour, under Soviet control and domination than when we first started. Indeed it is quite startling to observe that unfortunately, we appear also to have more enemies and fewer friends in the world than before the program began. Certainly, we have not received the cooperation and the assistance from others we expected or thought we were justly entitled to, in all reasonableness and commonsense.

I have recited this brief summary not for the purpose of suggesting the sudden end of our foreign aid program, but only to discharge the moral obligation I feel I have as a Representative in this House. I have listed these facts and circumstances to reemphasize what I regard to be our absolute obligation to the American people to take the greatest care of their money and exercise the highest vigilance over the manner in which it is spent. We can promote the fullest rehabilitation of friendly foreign nations, and it will avail us nothing if we thereby foolishly destroy the morale of our own people here at home.

To guard against the chance of such foolishness, let us scrutinize the needs of the individual countries. Let us deliberately measure, by past performance, just how friendly to us some of these nations actually are, so that we shall not be carelessly subsidizing those who give us no pledge or assurance of mutual assistance against the common enemy of communism. Let us be determinedly prudent in exacting guaranties and providing loans, instead of outright grants-in-aid, wherever and to whomever that can reasonably be done.

In that connection, let us remind some of the impractical geniuses in our State Department, as well as our Defense Department experts, that we are not appropriating money here for the purpose of destroying American industries and eliminating employment opportunities for our own people. The placing of American Government contracts abroad at a time when unemployment in this country presents a currently serious economic problem is, to say the least, of very questionable wisdom. It is indeed the more foolhardy when we realize that some defense items and essential parts of industrial machinery are being manufactured abroad in places where the danger of Communist infiltration and sabotage is a high and recognized threat. Such promiscuous spending, in the guise of promoting friendly foreign relations, will not be tolerated by the American taxpayers, and this Congress should be and must be extremely restrictive of their authorization and approval. We can, perhaps, give some of the American people's money away discriminately with their sanction, but we can never expect them to stand loyally by while we give their jobs away.

As I indicated at the start, I am not opposed to the fundamental objectives of this measure. I believe it is practically wise to continue to reasonably furnish aid to those allied countries demonstrating their willingness to fight in the common cause against Communist oppression. I believe that we can enact a prudent foreign-aid program of substantial continuing value to ourselves and the free world.

One phase of this program has always had and will have my full sympathy and encouragement. That is the authorization provision of furnishing technical assistance to friendly underdeveloped nations; giving them supplies, equipment, and personnel instruction for imitation of modern American methods of preserving health, increasing productivity and setting up advanced agriculture and manufacturing techniques. This assistance, to my mind, will have a longer and more lasting effect, beneficial to

us, especially in the Near East. The expenditure provided for, in the amount of $132 million, to include Israel and the Arab States, is an investment that promises to bring us returns a hundredfold.

In conclusion, let me exhort you not to rush this legislation. It is deserving of our prolonged study and debate. It is a program in keeping with our Christian democratic philosophy and is basically good for ourselves and the free world. However, in considering each and every authorization provision, let us ask ourselves, in the spirit of the President's admonition, "Is it good for all Americans?" Let us also be mindful that our watchword on all appropriation measures should be "the American taxpayer and our own economic stability come first."

Mr. CRUMPACKER. Mr. Chairman, section 506, which appears on page 50 of the bill, gives the administrators of this program what amounts to the power of eminent domain over the patent rights of American citizens. I could dwell at length on the hazards involved when one of the standing committees of the House gets into a highly technical field which rightly belongs within the jurisdiction of another committee, but I will only take time to say and to point out that the language used here by the Committee on Foreign Affairs is extremely loose in terms of patent law and will only partially accomplish the thing which they seek to accomplish by putting this section into the bill. Some patentable inventions would come within their definition and some would not. But, beyond that I would like to point out that for many years there was included in the emergency war powers granted to the Federal Government a similar provision which enabled the Department of Defense to use patents without following usual procedures.

We held extensive hearings both during the 82d Congress and during the first session of this Congress, in the Subcommittee on Patents of the Committee on the Judiciary, and that committee decided last year that the Defense Department did not need this power. So it was terminated. What the Foreign Affairs Committee seeks to do in this bill is to give to the State Department and the Foreign Operations Administration authority which this Congress has denied to the Defense Department in the carrying out of our own defense program. In other words, we are saying that it is proper for the State Department to exercise the right of eminent domain for the benefit of foreign powers, when we have denied it to our own Defense Department.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. CRUMPACKER. I yield to the gentleman from New York.

Mr. KEATING. I appreciate the action of the gentleman in calling the attention of the House to this provision of the bill. I join in the sentiments about it which the gentleman has expressed. It is extremely unfortunate that the Foreign Affairs Committee has included this provision in the bill. It is a matter properly within the province of the Committee on the Judiciary. It should not be dealt with in this bill in any way.

Mr. CRUMPACKER. What we are doing here is simply enabling the State Department or FOA to grab any patent rights presently existing, or grab any unpatented inventions that may still be going through the mill, and use them in any way they see fit for the benefit of foreign powers, when we have denied that very right to our own Defense Department for the promotion of our own defense program.

The only excuse which the Foreign Affairs Committee offers for the inclusion of this provision is that it has been in the law for some time. As I have pointed out, there were once other similar provisions in the law but they have been terminated. The reasons for terminating these other similar provisions apply with equal force to this provision and I think it should be stricken from the bill.

Mr. VORYS. Mr. Chairman, I rise in opposition to the preferential motion.

The matter which the gentleman from Indiana [Mr. CRUMPACKER] brings up is one of some perplexity. The gentleman did not state that this provision has been in the law since 1951. At that time the Foreign Affairs Committee had extended hearings on it because this is a matter which is clearly within the jurisdiction of the Foreign Affairs Committee. This is a matter which, since it deals with the use of patents in foreign affairs and international association, is clearly within the jurisdiction of the Foreign Affairs Committee, just as being a patent matter it is also within the jurisdiction of the Committee on the Judiciary. We have seen the Committee on the Judiciary this year take over jurisdiction of the international program for refugees and escapees, which the Foreign Affairs Committee has handled for years. The Foreign Affairs Committee surrendered that jurisdiction gladly to the Committee on the Judiciary, and a bill has passed the House that has to do with that subject. In this instance the executive branch wishes this provision continued as it has been since 1951, because these provisions are important in helping to supply our allies with material so vital to the mutual security program. On the other hand, if there is some aspect of the matter that we should have considered that is available to be studied in the other body and in our conference, it would seem to me most unfortunate for us to attempt, with a few minutes' discussion, to dispose of this one way or the other today. I can only assure the House, on behalf of our committee that we will study this matter promptly. We will seek the aid of the vast intelligence of the Committees on the Judiciary of the House and Senate in perfecting this part of the bill, but we ought not try to do it now.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. JUDD. Does the gentleman know of any complaint raised against the operation of this section in the last 3 years, when it has been the law of the land?

Mr. VORYS. No.

Mr. JUDD. Not a word of complaint has been brought to our committee.

Mr. VORYS. No. And because there was no objection, because even though the draft bill has been available since April 15 and we did not hear from our friends on the Judiciary Committee we thought this was one thing in our bill which was noncontroversial.

Now, Mr. Chairman, if I have any time left, I ask unanimous consent to yield the rest of my 5 minutes along with the 5 minutes that I think is still available for debate to the Chair for disposition by the Chair, in its wisdom, among the Members who wish to speak on this or other matters connected with the bill.

The CHAIRMAN. The gentleman has 2 minutes remaining which he may yield back.

Mr. VORYS. I would like to yield that back to the Chair for disposal in addition to the other five.

The CHAIRMAN. The question is on the preferential motion.

The motion was rejected.

Mr. VORYS. I have yielded 2 minutes to the Chair and I now ask that the 7 minutes available be divided amongst those who wish to speak.

Mr. McCORMACK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. McCORMACK. The gentleman yields back 2 minutes, which was available to him in opposition to the preferential motion.

The CHAIRMAN. He has yielded that back to the House, or to the Chair.

Mr. McCORMACK. I ask unanimous consent that the Chair may use that extra time.

Mr. VORYS. That is what I am trying to do.

The CHAIRMAN. That is what the Chair understands to be the unanimous consent request of the gentleman from Ohio.

Mr. VORYS. Mr. Chairman, I have two requests: One, that the 7 minutes remaining be disposed of by the Chair to those who wish to speak on the bill; and, second, that all Members may have the right to extend their remarks at this point or at appropriate points in the RECORD.

The CHAIRMAN. Is there objection to the various unanimous consent requests of the gentleman from Ohio?

There was no objection.

Mr. STRINGFELLOW. Mr. Chairman, I have felt impelled today to vote against the Mutual Security Act of 1954 which would authorize our country to give away $3,500,000,000 during the next fiscal year.

I campaigned and was elected on a platform which called for balancing the United States budget and in good conscience I cannot vote for a measure which will perpetuate deficit spending. The amount of foreign aid which is proposed for next year is approximately equal to the amount which it is estimated the United States budget will be out of balance or in the red this year. I have pondered this matter for many days, and I have wrestled with my conscience be-

fore voting against this bill. I have discussed this matter at some length with Congressman DEWEY SHORT, chairman of the House Armed Services Committee, and also with my good and able friend, Congressman ALVIN BENTLEY, who is a member of the Foreign Affairs Committee.

I am firmly convinced that the authorization of these additional billions for foreign aid would be just as wasted as all other moneys have been which we have sent abroad since World War II. I am greatly concerned over our foreign policy, and I sincerely support the President and the other administration leaders in their efforts to combat communism. However, I am certainly not convinced that spending billions of dollars will win us either friends or allies, and I am certain that continued deficit spending will bring the United States only misery, poverty, and further taxes as we head blindly down the road to national bankruptcy, economic ruin and political oblivion.

As has been pointed out in the debate on the floor today, there are billions of dollars of carryover funds from previous years' authorizations and appropriations to permit our Government to help nations and areas, such as Indochina, which are threatened by Communist invasion. This program of supporting other nations on United States taxpayers' dollars must come to an end sometime, and there is no better time than the present. I am in complete sympathy and accord with the minority report issued by the House Foreign Affairs Committee.

I too have grave doubts concerning the patchwork mutual security program, and its philosophy of materialism. I also have serious doubts as to the wisdom of relying on huge grants of money and weapons as the core of our foreign policy, and I abhor having to rely on vacillating allies whose turncoat policies have constantly kept them and us in one international fracas after another.

I sincerely believe we would have accomplished far more good if we had used the hundred billion dollars we have given freely to foreign nations in economic and military aid since World War II for reducing the national debt and bolstering our own economy and defenses in the American hemisphere. Only by exercising spiritual, moral, and political leadership can we hope to achieve real peace because dollars alone will bring no more security or peace of mind for the United States than it did for Judas nearly 2,000 years ago when he betrayed Christ for thirty pieces of silver.

Mr. CHIPERFIELD. Mr. Chairman, section 415, emigration to U. S. S. R., authorizes the use of funds available under any provisions of the bill to pay the expenses of travel of any resident in the United States to the Soviet Union for the purpose of establishing permanent residence there on condition that such person shall not be readmitted to the United States. The authority is discretionary. It is not anticipated that many people in the United States will want to take advantage of this opportunity. To the extent that there are such people, the committee believes that money used for this purpose would be well spent.

This amendment was unanimously adopted by the Committee on Foreign Affairs, and as I have pointed out is entirely discretionary. So even if it was determined to use Mutual Security funds to pay the expenses of citizens of the United States to U. S. S. R. it would be only for those that we feel it is for our best interest to get rid of. It is doubtful, even if we should make such a decision, that the U. S. S. R. would issue these people visas and permit their entry into Russia. This provision would require only an infinitesimal sum.

Even a 13-year-old boy recognized that fact when he wrote me as follows:

> I read in the town paper today that you and the House of Foreign Affairs Committee voted Wednesday to authorize paying a one-way passage to Russia for any resident of the United States desiring to stay there. I am only 13 years old and I may not know much about this, but I think you and the committee are pretty safe from having to pay the price of such a ticket.

Also, an editorial on this provision summed it up as follows:

> If Congress by chance should adopt it, the United States taxpayer needn't worry about having to buy any large numbers of one-way tickets. Soviet Russia's lovers in this country always have been noteworthy for preferring to love the Kremlin at a safe distance.

Those people who believe Russia is such a utopia that they would be willing to give up their United States citizenship to go there are not good Americans, and I again say we are better rid of them.

I believe this amendment has great possibilities as a psychological and propaganda weapon in letting the people of U. S. S. R. realize there would be a great movement to get out of Russia if permitted to do so, while there would be just the smallest trickle back to Russia even with expenses paid. When people realize the opportunities in a free world they want no part of a country where slave conditions predominate.

Mr. FRELINGHUYSEN. Mr. Chairman, this bill has so many admirable features and the continuation of a vitally needed program is so obviously desirable, that I hesitate to comment on one minor provision, section 415. This provision, however, seems vulnerable at least to comment, if not criticism.

Section 415 provides that any resident traveling to the U. S. S. R. "for the purpose of permanent residence there" may be reimbursed for any travel expenses so incurred. Any such resident, however, the section specifies, "shall not be readmitted to the United States." This language is clear enough. At first blush it has a certain appeal. In effect, we are saying, "If someone likes Russia so much, we will help him go there." If enacted, section 415 will provide free one-way tickets, paid for from mutual-security funds. We are seeking thereby to speed on their way those who desire to reside in Russia.

On sober second thought, several questions arise. Who will administer the program? What kind of affidavit of intention will be required? Who, and how many, will take advantage of this offer? Can we legally bar from readmission to the United States citizens whose travel expenses have been paid? What, finally, is the real purpose of section 415?

The report of the Foreign Affairs Committee states—somewhat dryly and with justifiable confidence—that "it is not anticipated that many people in the United States will want to take advantage of this opportunity." Certainly, it is inconceivable that many individuals would consider accepting this offer, generous as this use of the taxpayers' money may sound.

Section 415 will have meaning only if we can give publicity to the fact that nobody wants a free trip to Russia. In other words, it must be hoped that this particular provision will have psychological value, that it will furnish the Voice of America with effective propaganda.

Because this, indeed, may be true, I have decided against offering an amendment to strike out all of section 415. Nonetheless, this move seems ill advised, puerile, and futile. If points of order had not been waived, I am confident that a point of order against section 415 would be sustained. This provision is not relevant to the purpose of the bill. This bill aims to promote our national security and our foreign policy "by furnishing assistance to friendly nations." Furthermore, this provision attempts to affect our national immigration policy, which is surely out of order in an authorization bill of this kind.

It seems inadvisable for us to attempt to wage psychological warfare in this way. Certainly, it cannot be hoped that its effect will be earth shaking. In contrast, if we were authorizing free passage for refugees from the Soviet Union, it might be helpful in the cold war. If we were encouraging real disaffection within the Soviet Union, or reaffirming our unrelenting interest in the freedom of all peoples, this, too, might be helpful. This proposal, however, is basically meaningless and ineffectual. It is, indeed, a reflection on the commonsense of Congress that we should authorize such an inane and picayune project.

Mr. PHILBIN. Mr. Chairman, the Mutual Security Act of 1954 has broad objectives designed to strengthen and fortify the free world against communism.

It is difficult indeed to be optimistic about the current international situation. It is equally difficult to understand some activities and policies of certain so-called allies who accept our very substantial economic, military, and political aid and then devote themselves to what many interpret as a definitely pro-Soviet, pro-Red China attitude. Thus the unity of the free nations is sorely tested and strained at many points. Yet if unity could be established on a firm basis of real mutual agreement, if all the manpower, military strength, and economic resources of the free world could be marshalled and made available in a common effort to check communism, there would be overwhelming force on the side of the cause of freedom and the forces of enslavement could never successfuly infiltrate free nations, nor could they carry on successful aggression anywhere. It is this distressing

division of opinion and failure to contribute according to capacity—the failure it would seem of a real activated will to join in the defense of democracy which is making it easier for the Soviet to conduct both political penetration and willful aggression against free nations. Korea, Indochina and some European nations are cases in point.

As I have said so many times on this floor, all these things dictate not only a reappraisal of our entire foreign policy, but the shaping of a new policy that will realistically evaluate the present attitude and policies of some of our major allies so-called. Such a policy cannot be predicated upon the weakness of appeasement, but rather must rest upon the strength of spirit, of arms, and of economic readiness, and upon an honest, determined, fair-minded campaign for peace based upon reciprocal disarmament, atomic and hydrogen substances controls through international inspections, and support of independence and self-determination in the face of colonialism, imperialism, and totalitarianism whether it be red, black, white or any other color, and regardless of its pious professions of social reform and betterment.

There are fortunately also some bright spots in the international situation. One of these is Israel, in fact that brave new nation is outstanding in a troubled, harrassed world in shaping a bold destiny of freedom and independence, in courageously and intelligently facing up to stupendous problems and solving them in the true interests of its people. Against great odds, Israel set up its free institutions. It opened wide its doors to the persecuted, war-stricken refugees of many lands. It moved almost miraculously to develop the national resources and convert barren wastes into fertile, productive fields. On a wide front, this young nation, infused with high idealism and love of liberty, has conquered most challenging social, economic, financial, and political problems. Israel stands proudly as an outpost of democracy and liberty in the Near East, a sanctuary for the persecuted, a haven for the oppressed and a gleaming beacon light of hope and inspiration for those who seek to be free and to enjoy the opportunities, fruits and blessings of stable democratic government.

It is therefore with a sense of privilege that I declare my support of Israel and of the well-merited assistance provided for her by this bill. Israel is entitled to our confidence and help.

Regarding the bill in general, while there are several provisions which do not particularly stir my enthusiasm or approval, I am supporting it because I believe that our Nation is confronted with great peril from the world Communist conspiracy and that we must leave nothing undone that is at all reasonable or practicable to establish appropriate defenses against infiltration and aggression and to encourage the nations of the free world to participate in the overall program to combat communism and preserve freedom.

During and since the war, our contributions to the cause of freedom throughout the world have been great and many. We have placed great exactions upon our own taxpayers to provide the billions of dollars in money, materiel, and food, which we have furnished to our allies and associates. In not all cases have these grants brought us the results expected. There has been altogether too frequently a palpable unwillingness on the part of other nations whom we have helped so materially to make the effort and sacrifice necessary in order to contribute an equitable part to the sizable and tragic undertakings which have been necessary to check those forces which are dedicated to the destruction of democracy and liberty.

I hope that the results of this measure, as well as the many other evidences we have so generously given of our own willingness to stand in forthright manner with all nations willing to defend our way of life, will soon bring more favorable reaction, particularly by the development and formulation of that essential and zealous unity of purpose and action which will insure, I believe, the protection of our freedom.

That we have colossal tasks ahead of us is manifest. But they are by no means insuperable, and with faith, determination, and courage, and sound statesmanship, they can be successfully accomplished. It is for all peoples interested in freedom and loving freedom to realize how gravely it is imperiled, and to rally behind a solid, loyal, dedicated leadership to defend and preserve the security and the future destiny of America and human liberty. By these means our cause will triumph.

Mrs. KELLY of New York. Mr. Chairman, as a member of the Foreign Affairs Committee, I feel it is my duty to speak on this bill.

I believe in the basic principles of our foreign policy—collective security through international cooperation—to which this act is dedicated.

I believe this bill expresses confidence in collective security and faith in the people of the free world to want to remain free.

I believe in the objectives of this bill to obtain a just peace through international cooperation.

For these reasons the United States joined the United Nations, established the ECA program, enacted Mutual Defense Pact, initiated the mutual security program, ratified the North Atlantic Treaty, and other pacts.

The U. S. S. R. has thwarted and strangled the objective of freedom-loving people for peace to the degree where free nations have been forced to organize in order to curb an attempt to destroy the enslavement of people by the U. S. S. R.

The free world and the U. S. S. R. are now locked in an untenable situation, and the fate of the world awaits its solution. The stakes are high and the hour is late.

The unity of the free world must be preserved. History can and should be made in Washington this week provided that—

First. The favorable passage of this Mutual Security Agency bill of 1954.

Second. Restoration of an effective United States-British alliance.

On the first fact: Passage of this mutual security bill is necessary to implement the foreign policy of the United States. The objectives of this bill are the following—and to me the key answer for its passage is expressed in (d):

2. OBJECTIVES OF THIS BILL

In meeting the situation with which the United States is confronted, the committee has endeavored to prepare a bill which would attain the following objectives:

(a) Strengthen the ability of the United States to meet the threat of Soviet aggression: The most important problem confronting every man, woman, and child in the United States today is the Soviet threat. There is no reason to believe that this danger has diminished in any way. It is essential that we not allow disappointments, annoyances, or wishful thinking to divert us from the urgency of the problem or from utilizing every available means of meeting it.

(b) Maintain the stability and security of nations in which the United States has airbases and other defense facilities: Atomic weapons and the Strategic Air Force are the most important weapons available to the United States to deter Soviet aggression. The effectiveness of this deterrence is substantially increased if it is possible to strike from bases as near to Soviet targets as possible.

Every nation is reluctant to have foreign troops stationed on its soil. Many countries where the United States has bases regard these bases as inviting atomic attack by the Soviet if war comes. The only way America can maintain such bases is to cooperate as partners with the host countries on a comprehensive defense program. The United States cannot have foreign bases and follow a policy of isolation in other respects.

(c) Keep the resources of Western Europe and of the free world generally from falling under Soviet domination: If the factories, minerals, and skills of Western Europe were controlled by the Soviet Union, the industrial potential of the Communist bloc would be brought into near-parity with that of the United States. Furthermore, in this electronic age small supplies of rare minerals and other commodities have become vital to United States industry and to United States defense. Some of these are not available within the United States or even in the Western Hemisphere. It is essential that we retain access to such supplies and prevent them, whenever possible, from falling into Soviet hands.

(d) Avoid action which would destroy efforts on the part of other nations which are in our interest and which we want to succeed: Although we do not know whether the European Defense Community will materialize or whether Indochina will be saved from Soviet domination, it is essential that nothing we do should prevent ratification of the EDC or contribute to a collapse in Indochina. It is essential that the United States give tangible evidence of our continued determination to counteract Soviet aggression, our desire to continue what has begun, and our confidence that the course we are following will be successful.

(e) Strengthen our ties of cooperation and friendship with the economically underdeveloped nations of the world: The cooperation and support of the economically less developed areas of the world are a critical factor in the efforts of the United States to meet the Soviet threat and to establish sound and expanding economic relationships among the free nations. The technical cooperation program and other economic development programs are doing much to gain and strengthen such cooperation and support.

Many nations of southeast Asia, the Near East, and Africa have recently emerged from

colonial status under European powers. Within the boundaries of such countries lie important strategic materials, and their location gives them command of major sea and air routes. It is in our interest that they do not fall under Soviet control. The people of these countries tend to regard the United States as pro-European and are particularly vulnerable to Soviet propaganda. To many of them, joining the United States and the Western European powers in a defense program is paving the way for new foreign domination.

It is necessary to recognize that many of these countries, 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. The United States must do what it can to work with these people, recognizing that the task is difficult and progress will be slow. The alternative is losing them to communism.

(f) Curtail expenditures in order that the budget may be brought into balance and that the strength of the United States be maintained: In order for the United States to continue its role as the leader in the resistance to Soviet aggression and to be able to give effective backing to other free nations when the need arises, it is essential that United States expenditures be reduced as rapidly as possible.

(g) Eliminate all aspects of the foreign operations program not esential to meeting the situation which confronts the United States today: 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.

On the second fact:

First. An effective United States-British alliance will do more to combat communism than anything else at this time.

Second. Whenever the free world takes a united definite stand the Communists react with concessions. But when the West shows signs of weakening or begs for peace, then we get demands and threats from them. To bring the Communists to reason, "The West must build its strength, not plead its weakness."

It seems from statements coming out of this weekend conference that—

United States and Britain agree on Europe.

EDC must and will come into being.

In Asia the collective pact is vague; I simply do not, and will not, support a Locarno-type pact. The committee unanimously adopted an amendment to this bill expressing this feeling.

What is wrong?

Many fear voting vast authority to our Executive without a definite policy in the Far East.

Many call for an appraisal of the administration's foreign policy.

I agree it would be well to have an appraisal of the foreign policy of the United States, as well as to ask our British friends to reappraise their recent statements which, to our minds, seem conflicting.

I object to the trial balloon statements of spokesmen of the Republican Party, such as the well known, first, retaliation speech; and, second, boys may have to go to Indochina, then a retraction.

I believe these actions are directly aiding the Communist stronghold by a fluctuating policy of anticommunism. I am incensed by the last speech of the Vice President in Milwaukee on June 26, particularly that part of his speech in which he accused the previous administration of being directly responsible for the loss of China, and, hence, for the Korean war and the current crisis in Indochina. It seems to me that this is a new low in accusations. It is also detrimental to a bipartisan foreign policy.

This might be a good time to be eloquent about standing at a crossroad of history. Such eloquence reads well after the period has passed. But right now I, as an American, am thinking of our debt to those enslaved people all over the world whose voices are silent because of the omnipotence of a godless power so foreign to us that we do not understand its language. All we see is its diabolical effect. For this reason alone we should all vote in favor of the mutual-security bill.

The CHAIRMAN. The Chair is informed that there are six amendments in the offing, one pending at the desk and five to be offered from the floor. The Chair will yield 1 minute on each amendment. The Clerk will report the first amendment, the one offered by the gentleman from New Jersey [Mr. WILLIAMS].

The Clerk read as follows:

Amendment offered by Mr. WILLIAMS of New Jersey: Page 65, line 5, after "reserve" insert "and the provisions of section 1105 of the Foreign Service Act shall apply in the case of such persons;" and on page 65, line 14, strike out "and 528" and insert in lieu thereof "523 and 1105."

The gentleman from New Jersey is recognized for 1 minute.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. RICHARDS. I may say to the gentleman from New Jersey that so far as I am concerned I think it is a good amendment. It tends to take politics out of foreign aid.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. VORYS. I would like to say that it attempts to put FOA into the Foreign Service, and I am against this amendment.

The CHAIRMAN. The gentleman from New Jersey may proceed.

Mr. WILLIAMS of New Jersey. Mr. Chairman, the amendment I propose is designed to improve the efficiency of the administration of FOA. I feel very strongly that the personnel practices in FOA should be devoid of any partisan politics or patronage considerations just as the State Department is operated on a bipartisan personnel basis, and this amendment would take the provision that applies in the Foreign Service and incorporate it in this bill. I feel that it would insure the bipartisan personnel practice that I feel is so important to the efficient administration of this act.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. WILLIAMS].

The question was taken; and on a division (demanded by Mr. WILLIAMS of New Jersey) there were—ayes 120, noes 128.

Mr. SHELLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. VORYS and Mr. WILLIAMS of New Jersey.

The Committee again divided; and the tellers reported that there were—ayes 154, noes 165.

So the amendment was rejected.

Mr. VORYS. Mr. Chairman, I am inserting in the RECORD at this point the further comments I would have made on the Williams amendment had time permitted. He very kindly permitted me to register my objection in a sentence during the 1 minute that was allotted to him, but time did not permit my further comment.

His amendment was directed to section 527, dealing with employment of personnel in FOA.

Subsection (b) permits the employment in the United States of 60 persons without regard to civil service laws. These are the supergrade people, including the policymaking group. The Williams amendment did not affect this group. Apparently he recognized the validity of having such a group represent the administration viewpoint, the policy of the party in power.

The Williams amendment was directed solely to the overseas officers and employees. His amendment made no allowance for a similar supergrade policymaking group in our missions abroad. Although 16 mission chiefs are taken care of in another section, the amendment would apply to the chiefs of missions in many countries and to all other policymaking officials serving outside the United States.

There are approximately three times as many FOA people overseas as there are in Washington. This may not require 3 times 60, or 180, exemptions from civil service laws overseas, but it gives some measure of the sweeping effect of the Williams amendment, which would have left only 16 exemptions.

There is another reason I opposed his amendment. We have simply not solved the problem of what to do about FOA staffs. What started out as a temporary emergency group is becoming for many a career service. I am opposed to a separate permanent Foreign Operations Administration or United States Information Agency, as I stated Monday on the floor and have stated publicly many times. The Wriston report on the Foreign Service does not attempt to solve this problem. I do not want to see our Foreign Service amalgamated with FOA and USIA unless they are all to be in the State Department. I do not want FOA people to have all the benefits of the Foreign Service unless they assume all the obligations. The tendency is in this direction. I want to stop that tendency. Therefore I opposed the Williams amendment as another step toward getting FOA people into the Foreign Service by the back door.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS, of Iowa: On page 42, line 14, strike out all of section 415.

Mr. GROSS. Mr. Chairman, this amendment seeks to strike out section 415, which provides that funds made available pursuant to this act may be used to pay the expenses of travel of any resident of 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.

If this bill were subject to a point of order, this section would go out. It has no place in the bill. If funds are to be voted for this purpose, they should not be used to ship people to Russia, whether to establish permanent residence there or not.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. WILLIAMS of Mississippi. Has the purpose of this section in the bill been explained by the committee?

Mr. GROSS. No explanation of it has been given by anyone. I doubt if the committee can give a reasonable explanation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The question was taken; and on a division (demanded by Mr. VORYS) there were ayes 70, noes 74.

Mr. GROSS. Mr. Chairman, I demand tellers.

Tellers were ordered.

The Committee again divided; and the tellers reported that there were—ayes 75, noes 113.

So the amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 44, line 1, strike out all of section 418.

Mr. GROSS. Mr. Chairman, this motion would strike out section 418, which provides that the President be made the indirect head of a travel agency to encourage the travel of United States citizens to foreign countries and citizens of foreign countries to the United States. It also provides that the administrative expenses of this glorified travel bureau be paid out of the funds provided in this bill, which, of course, come from the taxpayers. I suggest that there are enough private travel agencies to handle this traffic.

I ask that the motion be adopted.

Mr. JAVITS. Mr. Chairman, extensive hearings were held before the Subcommittee on Foreign Economic Policy of the Committee on Foreign Affairs on a bill in principle similar to this section. These hearings were entitled "To promote the foreign policy of the United States by fostering international travel and exchange of persons." These hearings extending over a period of about 2 months produced enormous support for the need of our Government to aid in facilitating and increasing international travel both from and into the United States. It was made clear that this can be the greatest single source of trade not aid.

In 1953 United States tourists spent over a billion dollars for international travel in dollar expenditure in foreign countries and, based upon United States national income, there is a foreign travel expenditure potential of $2 billion or more. It is vital to know that foreign travelers spent an estimated $600 million in the United States, too, in the same period. This proposal has wellnigh universal support from all forms of transportation, train, bus, airplane and ship; from chambers of commerce, trade unions and many other organizations, as well as from the Government departments. It was made very clear that there would be no competition of any kind with private business; on the contrary the opportunities for the travel industry and private business could be greatly increased. Also it was emphasized that the important thing was that Government prestige and the Government's existing facilities could help so much and that no promotional or other expenditures were contemplated.

It is symptomatic of the great support this proposal has received that as recently as June 16, the Board of Directors of the National Association of Manufacturers adopted a resolution urging that to realize the potential inherent in foreign travel as an element of trade not aid there must be a coordination of effort on the part of shipping and airlines, those that provide accommodations abroad, and all governments, including the United States, in eliminating burdensome frontier formalities, and in travel promotion—including better publicizing of tariff exemptions applicable to travelers at wholesale prices—particularly during the off-season months. The vital influence of foreign travel in terms of education and better relations between the peoples of the free world is, of course, so very well known as to require only statement rather than emphasis.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 64, line 1, strike out all of subsection (b).

Mr. GROSS. Mr. Chairman, this motion provides for the striking out of subsection (b), which provides that 60 persons may be compensated without regard to the provisions of the classification act of 1949 and that 35 of the 60 may be put in the supergrades, 16, 17 and 18. This is legislation that properly belongs to the House Post Office and Civil Service Committee.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. JUDD. This language is all in existing law, except that existing law provides for 100 in the first category mentioned by the gentleman and the bill cuts it down to 60. Existing law provides 50 at grades above 15, which we cut to 35. The committee reduced by 30 percent and 40 percent respectively the number who are already serving in those grades.

Mr. GROSS. Yes, you have a total of 60 in this bill.

Mr. JUDD. There are 100 of these top jobs now on the list, and we cut it to 60.

Mr. GROSS. Yes, you did cut it. You still have 60 and that is 60 too many.

Mr. JUDD. That is right, we still have 60.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 66, beginning at line 17, strike out all of section 529.

Mr. GROSS. Mr. Chairman, this motion would strike out section 529, which gives the President power to pick out people anywhere in the executive branch of the Government and put them in the business of administering this give-away program. I am opposed to it. I do not think the President or any of his subordinates ought to have that kind of power. Mr. Chairman, I ask that the motion be adopted.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. No, you can go ahead and vote against the motion.

Mr. JUDD. This is all in existing law.

Mr. GROSS. Oh, sure, I know it—I was trying to get it out.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 72, beginning on line 22, strike out all of section 533.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. CURTIS of Missouri. I want to call the attention of the committee to the fact that this is changed language. It is exactly what the Committee on Ways and Means refused to give the administration when they tried to amend the Renegotiation Act. I hope this amendment is adopted.

Mr. VORYS. This is in existing law.

Mr. GROSS. Mr. Chairman, I did not yield to the gentleman from Ohio. I have yielded to the gentleman from Missouri.

Mr. CURTIS of Missouri. It is not in existing law.

Mr. GROSS. Mr. Chairman, I decline to yield to the gentleman from Ohio. He refused to yield to me.

Mr. CURTIS of Missouri. Existing law has been amended and the language has been changed materially. If you would give us more time to discuss these things, maybe we could get to the bottom of it.

Mr. GROSS. Mr. Chairman, this is authority for the making and modifica-

tion of contracts and the unbridled power to spend billions of dollars, which no President of the United States ought to ask for, and it is the kind of power that any President of this Republic ought to refuse.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The question was taken; and on a division (demanded by Mr. GROSS) there were—ayes 122, noes 71.

So the amendment was agreed to.

The CHAIRMAN. The gentleman from Ohio is recognized for the last remaining minute.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent to extend my remarks after the amendment was disposed of with reference to section 418, and I make the same request for the gentleman from Virginia [Mr. HARRISON].

The CHAIRMAN. Is there objection?

There was no objection.

Mr. VORYS. Mr. Chairman, I yield back my time.

Mr. FULTON. Mr. Chairman, I ask unanimous consent to extend my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. JUDD. Mr. Chairman, I desire recognition as a member of the committee. Just to state the facts on this matter about which there was disagreement a moment ago, with reference to the language on waiving contract laws, that was voted out of the bill. That language is in existing law.

Mr. CURTIS of Missouri. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. CURTIS of Missouri. The gentleman was speaking without being recognized.

The CHAIRMAN. He had been recognized for 10 seconds as a member of the committee.

Mr. FULTON. Mr. Chairman, I oppose aid to Yugoslavia under this bill which is to support the Tito dictatorship imposed and maintained by force over the Yugoslav people. This is a Communist government and not one of the free nations, and we will later regret this action.

I strongly oppose jet planes being supplied to the Yugoslav government under this program as I do not trust this government staying with the West. This jet airforce is a threat to nearby nations and peoples, particularly our good friends, the Italian people.

How can we support a policy that supports repression of freedom, repression of religious and civil liberty, and repression by force of any opportunity—of any chance of a free Yugoslav to arise.

How can I tell my people who are unemployed or on part-time that this Yugoslav economic aid program, instituted by the Truman administration, is being continued year after year? I urge the Congress to reconsider this program of economic and military aid to Tito, as we have no control over the equipment once granted and cannot prevent its arbitrary use or unjustified use against any nearby country. This is not in accord with our tradition as a peace-loving and free Nation.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. WILLIAMS of Mississippi moves that the Committee do now rise and report the bill back to the House, with the recommendation that the enacting clause be stricken out.

The CHAIRMAN. The gentleman is recognized for 5 minutes in support of his motion.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I did not intend to take any time on this bill, and I would like to apologize to the Committee for using this method of getting time. When I finish what I have to say, I will ask unanimous consent that the motion be withdrawn.

Until I heard the speech of the gentleman from South Carolina [Mr. RICHARDS], I had not intended to speak on this bill.

But, for the benefit of those who have just come to Congress in the last session or so, and in order to remind those who have been here for some time, the gentleman from South Carolina [Mr. RICHARDS] made exactly the same speech that he and other supporters of foreign aid have been making down through the years. I have heard it now for 8 years. They go all the way around the world and never roll their wheels on the ground. I succumbed to that kind of argument in my first year in Congress and voted for this international handout; but if the Lord will just let me live long enough, and if my good people back home will just continue to return me to Congress, that is one sin I hope to atone for.

We have wasted forty-odd billion dollars on fair-weather friends all over the world, and in some cases we have subsidized our enemies.

There are a few questions that have not been answered in the 8 years that I have been in Congress. I dare say they will not be answered even if we continue these programs for another hundred years.

I hope that the gentleman from North Carolina——

Mr. VORYS. South Carolina.

Mr. WILLIAMS of Mississippi. I stand corrected; it is South Carolina—and he is my good friend, except, of course, when foreign-aid bills come up; but I think we are entitled to an answer to some of these questions before we reach a vote on this legislation.

How many friends, Mr. RICHARDS and members of the committee, have we bought with this $40 billion that we have spent? Where are those friends now? Where were they back when we were in combat in Korea?

Where were those friends when we had to send American boys to fight their battles and suffered 130,000 American casualties in Korea?

How many wars have we prevented with foreign aid? Did we prevent the Korean war with foreign aid? Are we preventing bloodshed in Indochina today with foreign aid? Are we any further away from war now than we were when we started this foreign-aid program?

Here is another question to which we are entitled to an answer: You told us in 1948 that this was a 4-year program and that it was going to stop in 1952. When, oh when, are we going to stop it? Here it is 1954 and we are going right into 1956 and 1957. We have a $10 billion carryover, and no end is yet in sight.

Mr. SMITH of Mississippi. Mr. Chairman, if the gentleman will yield, I would like to answer one of the gentleman's questions.

Mr. WILLIAMS of Mississippi. I do not have time. Let us let the gentleman from South Carolina [Mr. RICHARDS] answer if he wants to.

Mr. SMITH of Mississippi. Then do not ask questions if you do not want them answered.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. Mr. Chairman, I refuse to yield further. I do not have enough time as it is. These fellows can get time to answer me, if they have the answers.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I just said I refused to yield. You can reply on your own time, if you have the answers to my questions.

Mr. RICHARDS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RICHARDS. Is it not a rule of the House when another Member's name is mentioned and a question is propounded to him that the Member controlling the time should yield?

The CHAIRMAN. It is not. The gentleman from Mississippi refuses to yield.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. Just a minute. We have a cotton surplus in this country, and I think we are entitled to know how much of the cotton surplus is due to American-subsidized foreign production that is glutting the market. The same holds true throughout the agricultural field. I think we are entitled to that information, but, alas, the committee has not furnished it to us. How much economic aid is there hidden in the so-called defense support in this bill? How much is the total amount of economic aid contained in this bill? Can anybody tell us in round and understandable figures?

The speech of the gentleman from South Carolina left the implication with the House that anybody who did not vote for this legislation was against adequate defenses for the United States. I would like to ask him, or anyone else, how long our six divisions could hold the continent of Europe if Russia decided to move in? I know you say we must have help from our allies, and that is true, but the only answer to American security is in being strong ourselves, militarily, economically, and spiritually. Friends cannot be bought with bribes, but they will side with strength.

Much new authority in this bill is given to the President. It practically writes him a blank check. It grants more power to him than should be given any individual, no matter who he might be.

I intend in a few minutes to offer a motion to recommit the bill.

I hope that the Members of the House will recognize the fact that this bill has been ill-considered. Even though many Members favor a reasonable and adequate foreign-aid program they should recognize the fact that Congress should defend its own prerogatives, and not continue to surrender the powers of Congress to the Executive. The bill should be recommitted.

Mr. VORYS. Mr. Chairman, I rise in opposition to the motion.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield me a minute?

Mr. VORYS. I have but 5 minutes, but I yield to my friend from South Carolina.

Mr. RICHARDS. I will be as brief as possible.

The gentleman from Mississippi talks about my position over the years here. I hope that position has been consistent. I have been trying to travel a different road from the road traveled by the gentleman from Mississippi. I have traveled by my own lights. Certainly he has been the one who each year, as regular as clockwork, has offered this amendment to recommit. It has gotten to be stereotyped and commonplace.

I would like to say for the benefit of the gentleman from Mississippi that he reminds me very much of the old swamp owl down in one of those Mississippi swamps: The more light you shine in his eyes the blinder he gets.

Mr. VORYS. Mr. Chairman, I want to say a word about the gentleman from South Carolina.

Mr. Chairman, 16 years ago, the gentleman from South Carolina [Mr. RICHARDS] and I stood shoulder to shoulder in an effort to prevent our going into World War II in the name of keeping out of it. In later years we stood together to cut this program and to endeavor to get the Europeans together. We have had some fights from time to time. But he is a wonderful man to have at your side, and I would like to pay my tribute to him at this time.

Mr. Chairman, I do not want to take any time to argue or to reargue any of the provisions of this 82-page bill. It represents for me personally the end of a year of effort when I got the committee to write in a promise that we would try to have a review of all of our foreign operations laws. It has been a long, arduous task. We have been in committee meetings for nearly 3 months.

I want to say that this program, or the parts of it that are the same as they have been for 8 years, is due to the fact that the problems and the peril continue; the dire, grim Communist threat continues year after year, and is going to continue for some time. We intend to face the situation firmly and steadily.

We are here in a time of crisis. We are discussing this bill under tense and deep emotions on the part of our brethren on the floor. But I want to thank the Members of the House for their gentlemanly, courteous, fair consideration of the committee and its spokesman during the past 2 or 3 days. I close with that tribute to the levelheaded, courteous, kindness of my brethren here in this great legislative body.

The CHAIRMAN. The question is on the motion offered by the gentleman from Mississippi [Mr. WILLIAMS].

The motion was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BROWN of Ohio, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, pursuant to House Resolution 600, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. McCORMACK. Mr. Speaker, I demand a separate vote on the Vorys amendment on page 14. I intend to ask for a rollcall. I think that amendment is so important that we ought to have a rollcall.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en bloc.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote has been demanded.

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."

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the amendment.

Mr. McCORMACK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 389, nays 0, not voting 45, as follows:

[Roll No. 91]

YEAS—389

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
Cooley
Coon
Cooper
Corbett
Cotton
Coudert
Cretella
Crosser
Crumpacker
Cunningham
Curtis, Mass.
Curtis, Mo.
Dague
Davis, Ga.
Davis, Tenn.
Davis, Wis.
Dawson, Ill.
Dawson, Utah
Deane
Delaney
Dempsey
Derounian
Devereux
D'Ewart
Dies
Dollinger
Dolliver
Dondero
Donohue
Donovan
Dorn, N. Y.
Dorn, S. C.
Dowdy
Doyle
Durham
Eberharter
Edmondson
Elliott
Ellsworth
Engle
Evins
Fallon
Fenton
Fernandez
Fine
Fino
Fisher
Fogarty
Forand
Ford
Forrester
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Gamble
Garmatz
Gary
Gathings
Gavin
Gentry
George
Golden
Goodwin
Gordon
Graham
Granahan
Green
Gregory
Gross
Gubser
Gwinn
Hagen, Calif.
Hagen, Minn.
Haley
Halleck
Hand
Harden
Hardy
Harris
Harrison, Nebr.
Harrison, Va.
Harrison, Wyo.
Hart
Harvey
Hays, Ark.
Hébert
Herlong
Heselton
Hess
Hiestand
Hill
Hillelson
Hinshaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holifield
Holmes
Holt
Holtzmann
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
Krueger
Laird
Landrum
Lane
Lanham
Lantaff
Latham
Lipscomb
Lovre
McCarthy
McConnell
McCormack
McCulloch
McDonough
McGregor
McIntire
McMillan
McVey
Mack, Ill.
Mack, Wash.
Madden
Magnuson
Mahon
Marshall
Martin, Iowa
Matthews
Merrill
Merrow
Metcalf
Miller, Calif.
Miller, Kans.
Miller, Md.
Miller, N. Y.
Mills
Mollohan
Morano
Morgan
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
Roberts
Robeson, Va.
Robsion, Ky.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Rooney
Roosevelt
Sadlak
St. George
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, Miss.
Smith, Va.
Smith, Wis.
Spence
Springer
Staggers
Stauffer
Steed
Stringfellow
Sullivan
Taber
Talle
Taylor
Teague
Thomas
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
Whitten
Wickersham
Widnall
Wier
Wigglesworth
Williams, Miss.
Williams, N. J.
Williams, N. Y.
Willis
Wilson, Calif.
Wilson, Ind.
Winstead
Withrow
Wolcott
Wolverton
Yates
Yorty
Young
Younger
Zablocki

NOT VOTING—45

Albert	Grant	Mason
Angell	Hale	Meader
Barden	Hays, Ohio	Miller, Nebr.
Beamer	Heller	Morrison
Bonin	Hillings	Murray
Buckley	Horan	Norblad
Burdick	Kearns	Pfost
Busbey	Kersten, Wis.	Pillion
Camp	LeCompte	Powell
Chatham	Lesinski	Regan
Condon	Long	Riley
Curtis, Nebr.	Lucas	Sutton
Dingell	Lyle	Weichel
Dodd	Machrowicz	Wheeler
Feighan	Malliard	Wilson, Tex.

So the amendment was agreed to.

The Clerk announced the following pairs:

Mr. LeCompte with Mr. Chatham.
Mr. Mason with Mr. Morrison.
Mr. Miller of Nebraska with Mrs. Pfost.
Mr. Curtis of Nebraska with Mr. Wilson of Texas.
Mr. Bonin with Mr. Lyle.
Mr. Horan with Mr. Regan.
Mr. Hillings with Mr. Hays of Ohio.
Mr. Beamer with Mr. Camp.
Mr. Meader with Mr. Wheeler.
Mr. Mailliard with Mr. Barden.
Mr. Kearns with Mr. Buckley.
Mr. Angell with Mr. Heller.
Mr. Busbey with Mr. Machrowicz.
Mr. Pillion with Mr. Powell.
Mr. Weichel with Mr. Dingell.
Mr. Kersten of Wisconsin with Mr. Dodd.
Mr. Burdick with Mr. Riley.
Mr. Norblad with Mr. Lesinski.

Mr. BLATNIK changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WILLIAMS of Mississippi. Unqualifiedly.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. WILLIAMS of Mississippi moves to recommit the bill to the Committee on Foreign Affairs.

The SPEAKER. The question is on the motion to recommit.

Mr. WILLIAMS of Mississippi. Mr. Speaker, on that I ask for the yeas and nays.

The SPEAKER (after counting). Fifty-five Members have risen; not a sufficient number.

So the yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. GROSS and Mr. WILLIAMS of Mississippi) there were—ayes 75, noes 172.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. RICHARDS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 260, nays 126, answering "present" 2, not voting 46, as follows:

[Roll No. 92]

YEAS—260

Addonizio	Gary	O'Brien, Mich.
Allen, Calif.	Gathings	O'Brien, N. Y.
Allen, Ill.	Golden	O'Hara, Ill.
Arends	Goodwin	O'Neill
Aspinall	Gordon	Osmers
Auchincloss	Graham	Ostertag
Ayres	Granahan	Patman
Baker	Green	Patterson
Barrett	Gregory	Pelly
Bates	Gubser	Perkins
Becker	Hagen, Calif.	Philbin
Bender	Halleck	Pilcher
Blatnik	Harden	Poage
Boggs	Hardy	Poff
Boland	Harris	Polk
Bolling	Hart	Preston
Bolton, Francis P.	Hays, Ark.	Price
	Hébert	Priest
Bolton, Oliver P.	Heselton	Prouty
	Hess	Rabaut
Bosch	Hiestand	Radwan
Bowler	Hill	Rains
Boykin	Hinshaw	Ray
Brooks, Tex.	Holifield	Rayburn
Brown, Ga.	Holmes	Reams
Brownson	Holt	Rhodes, Ariz.
Broyhill	Holtzman	Rhodes, Pa.
Buchanan	Hope	Richards
Burleson	Hosmer	Riehlman
Bush	Howell	Rivers
Byrd	Hunter	Roberts
Byrne, Pa.	Hyde	Robsion, Ky.
Byrnes, Wis.	Ikard	Rodino
Campbell	Jackson	Rogers, Colo.
Canfield	James	Rogers, Mass.
Cannon	Jarman	Rooney
Carnahan	Javits	Roosevelt
Carrigg	Jenkins	Sadlak
Celler	Johnson, Calif.	St. George
Chelf	Johnson, Wis.	Scott
Chenoweth	Jones, Ala.	Scudder
Chiperfield	Jones, Mo.	Seely-Brown
Chudoff	Judd	Shelley
Cole, N. Y.	Karsten, Mo.	Sheppard
Condon	Kean	Sieminski
Cooper	Kearney	Simpson, Pa.
Corbett	Keating	Small
Cotton	Kee	Smith, Miss.
Coudert	Kelley, Pa.	Spence
Cretella	Kelly, N. Y.	Springer
Crosser	Keogh	Staggers
Cunningham	Kilburn	Stauffer
Curtis, Mass.	Kilday	Steed
Curtis, Mo.	King, Calif.	Sullivan
Dague	Kirwan	Taber
Davis, Ga.	Klein	Taylor
Davis, Tenn.	Kluczynski	Teague
Dawson, Ill.	Lane	Thompson, Tex.
Dawson, Utah	Lanham	Thornberry
Delaney	Lantaff	Tollefson
Derounian	Latham	Trimble
Devereux	Lipscomb	Vinson
Dollinger	McCarthy	Vorys
Donohue	McConnell	Vursell
Donovan	McCormack	Wainwright
Dorn, N. Y.	McDonough	Walter
Doyle	Mack, Ill.	Wampler
Eberharter	Madden	Warburton
Edmondson	Magnuson	Watts
Elliott	Mahon	Westland
Ellsworth	Marshall	Wharton
Engle	Matthews	Wickersham
Evins	Merrill	Widnall
Fallon	Merrow	Wier
Fenton	Metcalf	Wigglesworth
Fernandez	Miller, Calif.	Williams, N. J.
Fine	Miller, Kans.	Williams, N. Y.
Fino	Miller, Md.	Wilson, Calif.
Fogarty	Miller, N. Y.	Wilson, Ind.
Forand	Mollohan	Wolcott
Ford	Morano	Wolverton
Forrester	Morgan	Yates
Frazier	Moss	Yorty
Frelinghuysen	Multer	Young
Friedel	Mumma	Younger
Fulton	Natcher	Zablocki
Gamble	Oakman	
Garmatz	O'Brien, Ill.	

NAYS—126

Abbitt	Andrews	Bentsen
Abernethy	Ashmore	Berry
Adair	Bailey	Betts
Alexander	Battle	Bishop
Andersen, H. Carl	Belcher	Bonner
	Bennett, Fla.	Bow
Andresen, August H.	Bennett, Mich.	Bramblett
	Bentley	Bray
Brooks, La.	Herlong	Reed, Ill.
Brown, Ohio	Hillelson	Reed, N. Y.
Budge	Hoeven	Rees, Kans.
Carlyle	Hoffman, Ill.	Robeson, Va.
Cederberg	Hoffman, Mich.	Rogers, Fla.
Church	Hruska	Rogers, Tex.
Clardy	Jensen	Saylor
Clevenger	Jonas, Ill.	Schenck
Cole, Mo.	Jonas, N. C.	Scherer
Colmer	Jones, N. C.	Scrivner
Cooley	King, Pa.	Selden
Coon	Knox	Shafer
Crumpacker	Krueger	Sheehan
Davis, Wis.	Laird	Short
Deane	Landrum	Shuford
Dempsey	Lovre	Sikes
D'Ewart	McCulloch	Simpson, Ill.
Dies	McGregor	Smith, Kans.
Dondero	McIntire	Smith, Va.
Dorn, S. C.	McMillan	Smith, Wis.
Dowdy	McVey	Stringfellow
Durham	Mack, Wash.	Talle
Fisher	Martin, Iowa	Thomas
Fountain	Mills	Thompson, La.
Gavin	Moulder	Thompson, Mich.
Gentry	Neal	
George	Nelson	Tuck
Gross	Nicholson	Utt
Hagen, Minn.	Norrell	Van Pelt
Haley	O'Hara, Minn.	Van Zandt
Hand	O'Konski	Velde
Harrison, Nebr.	Passman	Williams, Miss.
Harrison, Va.	Patten	Willis
Harrison, Wyo.	Phillips	Winstead
Harvey	Reece, Tenn.	Withrow

ANSWERING "PRESENT"—2

Dolliver Whitten

NOT VOTING—46

Albert	Hale	Miller, Nebr.
Angell	Hays, Ohio	Morrison
Barden	Heller	Murray
Beamer	Hillings	Norblad
Bonin	Horan	Pfost
Buckley	Kearns	Pillion
Burdick	Kersten, Wis.	Powell
Busbey	LeCompte	Regan
Camp	Lesinski	Riley
Chatham	Long	Secrest
Curtis, Nebr.	Lucas	Sutton
Dingell	Lyle	Weichel
Dodd	Machrowicz	Wheeler
Feighan	Malliard	Wilson, Tex.
Grant	Mason	
Gwinn	Meader	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. LeCompte for, with Mr. Dolliver against.
Mr. Chatham for, with Mr. Lyle against.
Mr. Hays of Ohio for, with Mr. Barden against.
Mr. Machrowicz for, with Mr. Busbey against.
Mr. Buckley for, with Mr. Regan against.
Mr. Camp for, with Mr. Wilson of Texas against.
Mr. Morrison for, with Mr. Wheeler against.
Mr. Hillings for, with Mr. Mason against.
Mr. Mailliard for, with Mr. Curtis of Nebraska against.
Mr. Heller for, with Mr. Beamer against.
Mrs. Pfost for, with Mr. Miller of Nebraska against.
Mr. Dingell for, with Mr. Whitten against.
Mr. Feighan for, with Mr. Weichel against.
Mr. Dodd for, with Mr. Secrest against.
Mr. Lesinski for, with Mr. Long against.

Until further notice:

Mr. Horan with Mr. Lucas.
Mr. Angell with Mr. Sutton.
Mr. Kearns with Mr. Grant.
Mr. Bonin with Mr. Albert.
Mr. Norblad with Mr. Murray.
Mr. Hale with Mr. Riley.

Mr. WHITTEN. Mr. Speaker, I have a live pair with the gentleman from Michigan, Mr. DINGELL. If he were present, he would vote "yea." I voted "nay." I withdraw my vote and vote "present."

Mr. DOLLIVER. Mr. Speaker, I have a live pair with the gentleman from Iowa, Mr. LECOMPTE, who is absent from the city to attend the funeral of our late colleague, the delegate from Hawaii, Joseph R. Farrington. If Mr. LECOMPTE were present, he would vote "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

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 just passed.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. WILLIAMS of New Jersey. Mr. Speaker, I offered an amendment on the floor to the Mutual Security Act of 1954. Since we were so rushed for time, I had less than a minute to explain the purpose of my amendment and, of course, in that time I could not adequately cover the subject. I feel that if I had had time, the additional six votes necessary to carry this amendment would certainly have been obtained. I feel this because I can see no legitimate objection to inclusion of my amendment in the bill.

The amendment would do one simple thing. Under existing personnel policies in Government, the Civil Service Commission overviews the applications of merit and career principles to all Government employees in the United States. Abroad we have the Foreign Service Act of 1946, which governs personnel policies of the State Department overseas. There is one large loophole—overseas appointments of the Foreign Operations Administration. Here, it is charged, we have a large grab-bag for spoils system appointments. My amendment would simply have taken the provision of the Foreign Service Act of 1946, which prohibits political tests in appointments, and would have applied it to nonpolicy appointments in the Foreign Operations Administration abroad.

My distinguished colleague, the gentleman from Ohio [Mr. VORYS], has extended his remarks in the RECORD to indicate that one objection to my amendment would be that it would put the Foreign Operations Administration in the Foreign Service. I disagree on this point, as my objective was simply that one particular provision of the Foreign Service Act should apply to the FOA, not that FOA should be brought under the Foreign Service. As Mr. VORYS stated, this would, of course, not touch the vast bulk of top policy jobs in FOA, which should be available to the group representing the administration's point of view. Sixty policy positions would not be touched by my amendment. In addition, 16 mission chiefs would also not be touched by my amendment. It is my view, however, that by and large the rest of the overseas personnel of FOA should certainly be governed by merit and career principles for appointment, rather than coming under the spoils system.

I am particularly concerned about the technical assistance program. Under the act which has now passed the House, the Administrator of FOA can use the technical assistance program as a political grab bag. The fact that he has been doing this has been charged by many people who should know. To mention but one source, I quote Jerry Kluttz, a recognized authority on what is going on in government, who said:

> The Foreign Operations Administration has required political clearance for even stenographers and clerks. * * * Reportedly, most appointments and promotions in that agency must have the prior O. K. of the patronage dispenser there.

May I recall to the Members that the operation of the great American assistance program abroad has always been conducted in a bipartisan fashion. When the ECA was first set up, President Truman appointed as its head a Republican, Mr. Paul Hoffman. Under Mr. Hoffman and successive administrators, through Mr. Harriman, the operation of the agency was conducted on a very bipartisan basis. The appointment of people abroad was done with almost no consideration for partisan politics. As a matter of fact, a great many of the top mission chiefs abroad were Republicans and a great many top staff people elsewhere were Republicans. I am sure we will all agree that this procedure of appointing outstanding Americans, regardless of their political affiliation, is the correct approach to the administration of this American-aid program, providing economic, military, and technical assistance to aid our friends and allies to move forward in their economies and in their defense structures.

As a member of the International Operations Subcommittee of the Government Operations Committee, I have been concerned about the application of proper career principles to FOA. I do not believe FOA should be the loophole for spoils system entry into the Foreign Service. Under the bill we have now passed, the Director of FOA may appoint anyone he chooses to go abroad on staff positions or technical assistance projects. It is possible for these appointees to apply for lateral entry into the Foreign Service of the State Department. This loophole is so large you can drive a truck through it. The inclusion of my amendment in the law would have had the effect of removing the spoils system stigma which now plagues FOA. The career principle contained in my amendment is identical to that which applies to the Foreign Service of the State Department. I see no reason why it should not be applicable to the same kinds of appointments in FOA.

Mr. HARRISON of Wyoming. Mr. Speaker, among 125 other Members of this House, I cast my vote against the Mutual Security Act of 1954, or, as I prefer to call it, the foreign-aid bill.

My vote was cast thus, not as a demonstration of willful desertion of the Eisenhower program, but rather for some very fundamental reasons that bear upon principles in which I firmly believe.

I believe that my support of the Eisenhower program this year has been reasonably solid. Congressional Quarterly placed me in a tie for first place, with 91-percent active support of the Eisenhower program. Only 2 other States—both of them, like Wyoming, with only 1 Member in the House—have attained so high a percentage.

However, I do not want to be tagged a rubber-stamp Congressman, and when my beliefs do not coincide with an administration program—be that administration Republican or Democrat—I intend to follow the dictates of my conscience. This was the case with the foreign-aid bill.

I do not regard an ill-fitting suit any better simply because a different tailor tries to sell me the same old thing.

I have looked upon foreign aid with a very critical eye ever since I came to Washington to represent the people of Wyoming. My critical view was not assumed because I do not believe in helping others less fortunate than ourselves. To the contrary, I do believe that the United States should extend assistance to other nations; but I believe also that decisions to offer aid should be predicated upon certain basic factors.

One of the factors is our own Nation's ability to send dollars abroad in ever-increasing numbers. We should consider that our own national debt is a staggering $270 billion—dangerously near the legal limit, beyond which the administration already has asked that a new and higher limit be placed. This request has been approved by the House but no action has been taken by the Senate.

I mention the magnitude of our present national debt simply to call attention to the United States inability to continue indefinitely sending dollars abroad with little or no hope of having them returned, if we are to keep our own financial house in order or in any semblance thereof.

If this country's financial structure should collapse—and make no mistake that this conceivably could happen—then we would be in no position to help anyone, even ourselves. And I question very seriously whether any other nation on the face of the earth could—or would—lend a helping hand to the extent that would be necessary to rescue us.

This, then, is my first fundamental reason for voting against the huge foreign-aid expenditure proposed by this year's authorization bill: The belief that we should not spend the United States into bankruptcy, toward which continuation of foreign aid on an almost unlimited scale is a major step.

In determining which nations should share, and to what extent, in distribution of dollars from Uncle Sam, I believe close attention should be given to the very attitudes of these other nations. I do not mean by this merely the individual nation's attitude toward the United States, although I view this as an important factor. I mean the individual nation's attitude toward self-help, toward real determination to make the best possible use of aid funds, toward the basic elements which supposedly

bind together the few countries remaining in what we loosely term the free world. I mean also the individual nation's degree of willingness to actively participate in the global search for peace and freedom among all the world's peoples. I mean the individual nation's willingness to cooperate with the rest of the free world in this search.

It has become more and more apparent, in very recent years, that sufficient attention has not been given these things. I am at a loss to know definitely just what sort of standard has been the guide for those who have planned the multitude of programs which have ridden along under the general category of foreign aid. Certainly, in many cases, little or no attention has been given to the things I have detailed here. Example after example could be cited in this respect.

Lack of coordination among the administrators of the various programs and lack of positive direction from year to year have resulted in a sort of crazy-quilt pattern of foreign-aid projects and programs.

It is not to say that there have been no small bright spots in the pattern, places where aid extended by the United States has shown healthy results. These bright spots are even brighter because of their comparative isolation among a maze of dismal failures.

Much of this failure can be blamed upon neglect of the things I have just mentioned. More careful attention to the proper direction of available aid funds, I believe, could have made successes out of a great many of the failures.

This is my second fundamental reason for voting against this year's bill: I dislike piling failure upon failure when discretion and care in planning could reverse the trend. I believe in gaining knowledge from history for guidance in the future; in the past we have failed miserably to learn anything from our earlier mistakes.

Much as I would like for this country to be in a position to extend all-out aid in unlimited quantities to all the free world, this, of course, is not possible nor will it ever be. But even should such a situation prevail, I still believe that the American taxpayers should have first claim upon benefits derived from their own money.

Right at this very moment, Mr. Speaker, my own State of Wyoming is suffering from severe drought conditions. The drought itself is not present all over the State, but there are numerous areas where drought is a very real and a very serious problem which demands immediate attention. This situation existing in parts of the State, naturally its effects are reflected in the economy of the entire State. The effects are felt beyond the borders of Wyoming, in nearby States, and even in Washington, D. C. Reductions in collectible taxes because of drought destruction of taxable property, wherever such destruction should occur, is of personal concern to every taxpayer because it means he will have to pay more taxes to make up for the loss.

Despite the urgent need of Federal assistance by drought-stricken Wyoming ranchers and farmers, the Federal Government has not yet been convinced of the necessity for immediate action from the Federal level. Yet the Federal Government is willing to authorize expenditure of another $3.5 billion for assistance in foreign lands, some of it to alleviate the very conditions which now exist in Wyoming.

The Wyoming situation could be multiplied many, many times on a nationwide basis. Some of our people customarily are in dire need of assistance in providing the very sustenance of life. They could use more help than already is available. Our schools are overcrowded and much more could be done in this regard with some of the more than $62 billions which have been expended for foreign aid in the past 7 years.

This is a third in my list of reasons for voting against this year's bill: Place first things first, and in my way of thinking our own people should receive priority consideration when funds are available for assistance, rather than trailing along at the end of things.

From a military standpoint, there is grave doubt that our foreign-aid expenditures have strengthened the free world on anywhere near a dollar-value-for-dollar-spent ratio. Despite our more than generous outlays in strictly military assistance, we have failed to halt or even contain communism.

Some of the very nations receiving great amounts of military aid from the United States in dollars and materials have fallen to the Reds, and our taxpayers' resources have gone with them. A great deal of the cause can be credited to apathy and a mismanagement on the part of those individual nations; some of it to the lack of discretion on our part, which I mentioned earlier. We seem to have done a much better job of displaying materialism than we have of demonstrating an inspiring leadership for right and justice, guided by inner spiritual zeal for our basic principles. This, I believe, has taken its toll in foiling United States efforts to attract nations to our side.

From a strictly military or defense viewpoint, it seems to me, we should assume a somewhat selfish—self-enlightened seems to be the polite term—position. This is the only direction from which it is possible or sensible to regard the defense aspect of our overall foreign policy, which includes foreign aid. And even in assuming a seemingly selfish position, it is not entirely so. For the same reason that the United States should not spend itself into bankruptcy, the United States must remain militarily strong—for the potential defense not only of our own country but for other nations as well.

It is quite unrealistic to try and separate absolutely economic and military strength. One contributes to the other in many ways. Thus, economic strength makes possible military strength. One is not enough; we must have both here in the United States, for self-preservation and for defense of what remains of the free world.

Recognizing the necessity of military strength, and remembering that the National Guard has served as our first in line among defense units in many emergencies at home and abroad, it makes little sense to me that some of the so-called foreign-aid funds could not properly be channeled to this activity. Most certainly, without National Guard units—some of them from my own State of Wyoming—we would have been cut to even smaller ribbons than we were in Korea. If our National Guard units did not contribute gallantly to foreign aid in Korea, I am sadly mistaken.

Along with other domestic needs for additional funds, the National Guard should occupy a top-priority spot, in my opinion.

This is still another of my reasons for voting against this year's mutual security authorization: We cannot afford to neglect in any degree our own defense forces, particularly on the local level. It is from this local level that the National Guard springs to our Nation's defense whenever the need arises. For the strengthening and expansion of the National Guard system some of the foreign-aid funds could be used to very good advantage for new armories, more and better equipment, more effective and expanded recruitment.

These few reasons I have given, Mr. Speaker, seem to me good and sufficient for voting the way I did on the Mutual Security Act of 1954. These few reasons, Mr. Speaker, are by no means the only ones I could mention. I could, for example, point out specific instances of past and present foreign-aid programs which have formed the basis for my opinions and which would pose still more questions and give opportunity for further reasons for being critical of the entire foreign-aid theory as it now operates.

I want to mention briefly just one more, all-inclusive reason for my negative vote. This has a very direct relationship to all the others I have given in the foregoing paragraphs, and all the foregoing contribute to it. It is simply my belief that we should stand back and take a long, close look at what we have been doing, what it has accomplished, and where we want to go in the future, insofar as foreign aid is concerned.

Proponents of no-holds-barred foreign aid will argue that to take the time for a reexamination of this nature would hamstring the programs. This is completely inaccurate. Debate in the House on the bill brought out that there is somewhere between nine and ten billion dollars of unexpended, unobligated funds available to these programs from previous years' appropriations—enough for current operations during some 23 months. Certainly within nearly 2 years' time this Nation could examine its foreign-aid activities to some extent; enough, at least, to have the answers to some of the vital questions.

I believe, therefore, that we should reexamine these programs. We should reexamine our own financial position and our financial ability to continue these programs in their present all-embracing scope. We should reevaluate the attitudes of recipient nations. We should reexamine our own defenses, particularly in the cities and towns and villages across the Nation where local boys meet

a few times each week, giving of their time and talents in the event they may be needed quickly to defend their own homes. We should reexamine our own domestic conditions and our own peoples' needs.

In short, Mr. Speaker, what is the hurry? Let us take another look at this thing and see if these foreign-aid programs are really the kinds we need and can afford.

Mr. RABAUT. Mr. Speaker, we have lately deliberated and voted upon one of the most important and far-reaching pieces of legislation ever to be brought before this body, 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.

In supporting passage of this bill, I felt that the temper of the times in the world today demanded that positive measures be adopted to meet positive dangers. That the earth is today in a state of great upheaval, no one will deny, I am sure.

It is easy to stand by, to carp and criticize efforts that are made by others to improve and to assist in improving the international situation. All that is required for that type of stand is a loose tongue and an idle mind.

It takes a little more wit, and often a great deal more courage, to offer affirmative recommendations in dealing with a program which long ago has proved its worthwhileness and its merit.

For many reasons we have found it to be proper and necessary to make available to many countries of the world the funds and material with which they might resurrect themselves from the dismal aftermath of wartime destruction and lift themselves from the limitations of their own national and regional underdevelopment.

Some say that we are motivated by reasons of self-preservation. Some say we have a moral duty to do so. Some feel that economic considerations of an overriding importance have made such activity a prime necessity.

The reasons are many, and they are not uncomplicated.

The fight against communism continues unabated. In many of the fringe areas of the world there are agencies operating to subvert authority, by whatever means are at hand, to the end that the dictates of the Kremlin be foisted and thrust upon an unwilling people. It is difficult to preach freedom, liberty, or religion to a man with an empty stomach. It is folly to attempt to educate him when his family lacks sufficient to wear or on which to live. And it is negligence to overlook these things.

Much of the money authorized in this bill will be directed to military expenditures. A smaller, but equally as significant, part is to be turned to economic assistance. Both are vital to the continuance of a free way of life and to the arrestment of any shift in the delicate scale of power balance.

Many nations in many sections of the world will receive moneys under this bill. As an investment, we could not do better. As a deterrent to world conflict, it is the wisest thing we could do. And as the leaders of the free nations it is an obligation which we must meet, no matter how difficult it might seem.

Countries who will be the better for this happening will be the peoples of India, West Germany, the Chinese Nationalists on Formosa, Turkey, Greece, Spain, Israel, Yugoslavia, Pakistan, Thailand, Japan, and South Korea, among others. And we shall benefit also, tangibly and intangibly.

Because of the uncertain situation in the Far East, and the attendant difficulties experienced there, there is a certain amount of flexibility in the bill, so as to allow us to meet any changing circumstance in the military-political pattern as it unfolds there. We cannot allow ourselves to be strapped under conditions which might be harmful to the best interests of our allies and to our own security.

In this time and in this year of 1954, we must meet, as we have always met, the challenge of forces which seek to enslave the world. In times of stress, our friends are our most important asset. As important as they are to us, so too are we to them. We should ever strive to cement and strengthen the bonds of amity which exist between the nations of the world and us. It is my belief that this bill takes 10-league strides in that direction.

As never before, the distressed countries of the earth need our help, if not, as in the case of some, by material assistance, then by the moral support which may be extended by the vote of confidence as expressed in passage of this bill. Others desperately need the assurances, military and/or economic, which this measure will make available.

It is my sincerest hope that the Congress will see fit to buttress the cause of international friendship and self-help, which passage of this bill will so effectively accomplish.

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 of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8067) entitled "An act 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."

The message also announced that the Senate agrees to the amendments of the House to Senate amendments Nos. 1, 17, 40, and 49 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9203) entitled "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 agrees to the amendment of the House to Senate amendment No. 22 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9447) entitled "An act making appropriations for the Department of Labor and Health, Education, and Welfare, and related independent agencies, for the fiscal year ending June 30, 1955, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to Senate amendments Nos. 18 and 30 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2475) entitled "An act to authorize the President to use agricultural commodities to improve the foreign relations of the United States, and for other purposes."

DISCHARGE PETITION FILED ON POSTAL PAY RAISE BILL

Mr. ROONEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ROONEY. Mr. Speaker, I should like at this time to announce to the House that this morning the distinguished gentleman from Minnesota [Mr. HAGEN] placed on the Clerk's desk for signature discharge petition No. 9, which would discharge the Rules Committee from further consideration of House Resolution 590, a resolution providing for consideration of the postal salaries bill H. R. 9245, which was referred to that committee on last June 17.

I call this to the attention of all the Members, hoping that they will immediately sign in sufficient numbers so as to bring up this bill, H. R. 9245, introduced by the gentleman from Pennsylvania [Mr. CORBETT], which would provide a much needed pay raise for our postal employees. I am sure the majority of the membership of the House will support it.

TO AMEND MERCHANT MARINE ACT OF 1936

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 605, Rept. No. 2004), 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. 9252) to amend the Merchant Marine Act, 1936, to provide a national defense reserve of tankers and to promote the construction of new tankers, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking mi-

nority member of the Committee on Merchant Marine and Fisheries, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

TO AMEND THE VOCATIONAL REHABILITATION ACT

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 606, Rept. No. 2005), 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. 9640) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes, 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 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CARE OF MENTALLY ILL OF ALASKA

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 608, Rept. No. 2007) 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. 8009) to provide for the commitment and care of the mentally ill of Alaska, 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 shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Interior and Insular Affairs now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

CONCEALING OF PERSONS FROM ARREST SO AS TO INCREASE PENALTIES

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 607, Rept. No. 2006) 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. 7486) to amend section 1071 of title 18, United States Code, relating to the concealing of persons from arrest, so as to increase the penalties therein provided. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

SPECIAL ORDER GRANTED

Mr. MILLER of California asked and was given permission to address the House on Friday next for 30 minutes, following the legislative business of the day and any special orders heretofore entered.

TO AMEND PUBLIC HEALTH SERVICE ACT

Mr. WOLVERTON. Mr. Speaker, by direction of the Committee on Interstate and Foreign Commerce, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8149) to amend the hospital survey and construction provisions of the Public Health Service Act to provide assistance to the States for surveying the need for diagnostic or treatment centers, for hospitals for the chronically ill and impaired, for rehabilitation facilities, and for nursing homes, and to provide assistance in the construction of such facilities through grants to public and nonprofit agencies, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 6, line 18, after "allotment" insert "to any State."

Page 6, line 19, after "$50,000" insert ", but for the purpose of this proviso the term 'State' shall not include the Virgin Islands."

Page 9, after line 22, insert:

"'(b) Upon the request of any State that a specified portion of any allotment to such State for the purposes of paragraph (1), (2), or (4) of section 651 be added to another allotment of such State for the purposes of one of such paragraphs, and upon the simultaneous certification to the Surgeon General by the State agency in such State to the effect that it has afforded a reasonable opportunity to make applications for the portion so specified and there have been no approvable applications for such portion, the Surgeon General shall promptly adjust the allotments in accordance with such request and shall notify the State agency, and thereafter the allotments as so adjusted shall be deemed the State's allotments for the purposes of such paragraphs.'"

Page 9, line 23, strike out "(b)" and insert "(c)."

Page 10, line 15, strike out "(c)" and insert "(d)".

Page 10, line 18, strike out "(d)" and insert "(e)."

Page 11, line 11, after "time," insert "within 20 years."

Page 14, line 18, strike out "treatment, or both," and insert "diagnosis and treatment."

Page 14, line 24, strike out "State" and insert "State, or, in the case of dental diagnosis or treatment, under the professional supervision of persons licensed to practice dentistry in the State."

Mr. HESELTON. Mr. Speaker, reserving the right to object, and I shall not, I agree with the action of the committee in completing action on this bill so that an appropriation can be provided for these new facilities. There was, however, one amendment which was recommended by the House committee and accepted by the House itself, which had to do with the time within which any one of these facilities could be turned over to private hands and operated at a profit without the Government having an adequate opportunity to recapture its fair share of investment, to recapture its depreciated share of its contribution. The other body in its wisdom saw fit to take different action than the House took. I still feel that since this program was initiated to increase and expand hospital facilities, nursing homes, diagnostic centers, rehabilitation centers, very careful attention should be given to the problem of when such facility can be abandoned as a public facility and taken over by private interests and operated by them at a profit without any satisfactory provision whatever for the Federal Government to recapture its depreciated share of its contribution. I hope attention can be given to this early in the next session.

Mr. Speaker, I withdraw my reservation of objection.

Mr. PRIEST. Mr. Speaker, reserving the right to object, and I shall not, I have gone over these Senate amendments rather carefully. It is my opinion that generally they improve the bill and make its provisions more flexible at the State level.

Mr. Speaker, I withdraw my reservation of objection.

Mr. WOLVERTON. Mr. Speaker, amendments Nos. 1, 4, 5, 6, and 8 are merely technical amendments, either to make minor clarifying changes in language or to change subsection letters to conform with other amendments.

Amendment No. 2 merely provides, in effect, that the Virgin Islands shall not be considered to be a "State" within the

meaning of a proviso fixing certain minimum allotments. The proviso in question provides that the minimum allotment to a State shall be not less than $100,000 in the case of paragraph (1) or (2) of section 651—that is, as to diagnostic or treatment centers or hospitals for chronically ill or impaired—and shall not be less than $50,000 in the case of paragraph (3) or (4) of section 651—that is, in the case of grants for rehabilitation facilities or nursing homes.

Amendment No. 3 is the Senate amendment which makes the most substantial modification in the bill. Section 651 authorizes appropriations for the fiscal year ending June 30, 1955, and for each of the two succeeding fiscal years, of, first, $20 million for grants for public and other nonprofit diagnostic or treatment centers; second, $20 million for grants for public and other nonprofit hospitals for the chronically ill or impaired; third, $10 million for grants for public and other nonprofit rehabilitation facilities; and fourth, $10 million for grants for public and other nonprofit nursing homes.

Amendment No. 3 provides that upon request of any State that a specified portion of any allotment to such State for the purposes of paragraph (1), (2), or (4), which I have just mentioned, be added to another allotment of such State for the purposes of any one of such paragraphs, and upon simultaneous certification by the State agency that it has afforded a reasonable opportunity to make applications for the portion so specified, and there have been no approvable applications for such portion, then the requested transfer of allotments may be made.

I will now address myself to the amendment referred to by the gentleman from Massachusetts [Mr. HESELTON] a moment ago. If a hospital or other facility for which funds are made available under the Hill-Burton Act is so used or disposed of, within 20 years after completion of construction, that it ceases to be the type of hospital or other facility for which such assistance could have been granted, it is provided under present law that the United States shall be entitled to recover an amount bearing the same ratio to the then value of so much of the hospital or other facility as constituted an approved project as the amount of Federal participation bore to the cost of construction of the project. Under the bill as passed by the House, the 20-year limitation was removed so that the United States could recover irrespective of when the hospital or other facility was disposed of or used for a purpose other than its original purpose. Senate amendment No. 7 restores the 20-year limitation so as to leave this provision the same as it is under existing law.

Senate amendment numbered 9 made a modification in the definition of "diagnostic or treatment center." This is a noncontroversial amendment and merely gives recognition to the fact that in the case of some diagnostic or treatment centers the care of patients would be under the supervision of persons licensed to practice dentistry rather than persons licensed to practice medicine or surgery.

The Committee on Interstate and Foreign Commerce has considered the Senate amendments to this bill. As a committee we decided that the amendments made by the Senate are not unreasonable, and, furthermore, considered the importance of getting the provisions of this bill into law as soon as possible in order that funds might be obtained through the supplemental appropriation bill soon to be brought to the House. Any delay in this bill becoming law might prevent the appropriations to make it effective from becoming available before this Congress adjourns. Such a result would be most unfortunate. These are the considerations that influenced the members in approving the Senate amendments.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

AGRICULTURAL ACT OF 1954

Mr. ALLEN of Illinois. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 604.

The Clerk read as follows:

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 intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi [Mr. COLMER], and at this time such time as he may desire to the gentleman from New York [Mr. KILBURN].

Mr. KILBURN. Mr. Speaker, I have always been for flexible price supports on farm products and have so voted in the past. This bill before us sets fixed price supports on most farm products at 90 percent but then picks out dairy products, which have already been dropped to 75 percent, and fixes them at 80 percent.

I do not think this is fair. I think they should all be flexible and the feed that the dairy farmer buys should be set at the same parity as dairy products. That, it seems to me, is the fair way to run it.

I, therefore, expect to vote for any amendment or substitute that attains that objective. If, however, no such amendment or substitute is accepted I shall vote against the bill. It is my understanding that if the bill is defeated the flexible support program approved by Congress in 1949 goes into effect at the end of this year.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. SIMPSON].

Mr. SIMPSON of Illinois. Mr. Speaker, in discussing the national agricultural program for 1955, it seems to me two things are in order.

The first one is that, regardless of any difference in views, I believe everyone interested in agriculture and the national interest is honestly trying in their own way to help solve the agricultural problem, especially surpluses. We are all hopeful of reaching the same Zion—whether we take the same roads or not.

The second matter that especially those interested in agricultural legislation should know is the chronologically historical facts of agricultural legislation that has been passed in Washington for the past 20 years:

First. The first agriculture legislation, starting in 1933, was the Agriculture Adjustment Act, known as the AAA. This called for contracted acres on basic commodities which in the case of Hoosac Mills was declared unconstitutional by the Supreme Court. It also called for marketing agreements and orders on perishables.

Second. In 1935 section 32 was added as an amendment to the 1933 law. It was called the penny-milk fund. Thirty percent of customs receipts were made available each year. This fund was to be used for the removal of surplus agriculture commodities and to encourage exports. It was to be used principally for removal of perishables. Not over 25 percent of the fund could be used for any one commodity.

Third. In 1938 legislation was passed affecting the basic commodities—corn, wheat, cotton, tobacco, rice, and peanuts. This act called for flexible supports from 52 to 75 percent of parity. In the case of peanuts, they were to be supported at 50 to 75 percent. The same act—1938—permitted supports on nonbasics up to 75 percent.

Fourth. In 1941 the 1938 act was amended to increase price supports on basics, the increase being up to 85 percent.

Fifth. In 1942 the Steagall amendment was added to the 1938 act in order to increase production for war. The Secretary of Agriculture could ask for increased production up to 90 percent of parity for the duration or war emergency and for 2 years thereafter.

Sixth. In 1948 the 80th Congress passed the flexible supports basically reinstating the 1938 act but with 60 to 90 percent of parity. If this act had not been passed, price supports would have automatically reverted to the 1938 act, or 75 percent of parity.

Wherever acreage controls and marketing quotas were put in effect a 20-percent acreage bonus was allowed actually making price supports 72 to 90 percent. It also permitted compensatory

payments on any commodity. The yearly cost was limited to $300 million. This was never put in effect by the then Secretary of Agriculture.

The 1948 program was to be in effect for 2 years 1949 and 1950. It had 5 percent transitional parity formula. No basic could be reduced from a parity standpoint more than 5 percent a year.

Seventh. On April 7, 1949, the so-called Brannan plan was proposed. It was never introduced as such in the House of Representatives. The actual farm legislation that year had the name of a former member as the author. This was rejected by the House of Representatives and there was substituted the Gore amendment which amended the 1948 flexible legislation to this extent. It continued the rigid formula until the end of 1952. It did not repeal the flexible.

Eighth. In 1952, without a dissenting vote the House Agriculture Committee extended the rigid program for 2 years, until the end of 1954. The House passed and accepted the committee's views. Unless changed this year, the dual parity formula will be the law and in effect January 1955. The 1948–49 acts, as amended, call for the 1909 to 1914 formula or the 10-year average, whichever is the greater.

This is exactly the position of farm legislation today. If H. R. 9680 is passed, should it be vetoed, the flexible formula, last mentioned, 1948–49, is in effect.

The Agriculture Committees have worked a long time and all over the country hoping to find an answer to this problem. We find three types of farmers, those who want rigid supports, those who want flexible. We have many who want to be left alone.

Furthermore, we have consumers who say, "Why tax me to subsidize a farmer?" They say this when in the so-called national interest if agriculture does not prosper they cannot buy the goods produced in the consuming district. Then the consumers or many of them would not pay any taxes to subsidize the farmer, because they would not have a job.

Agriculture has changed to mechanized farming in the past decade. The horses and mules formerly used help eat the surpluses. The tractor eats the fuel oil. It works at night and between rains. A crop can be put in today in one-half the time that it took with horses and mules. It can be gathered equally as fast. In fact, faster than the elevators and railroads can handle it. Our agriculture exports have fallen off in the last 3 years some 30 percent.

No one objects to a farmer obtaining good prices and a proper investment return. Everyone, including the farmer, is wondering about surpluses. The highest prices today for the farmer are hogs and soybeans, neither of which are controlled. Rather singular but true. Hogs now are $25 per hundred. A little over 2 years ago they were $16 to $17. The highest price hogs ever brought was around $31.

Soybeans are $3 per bushel. Twenty-five bushels per acre at even $2.50 would gross $62.50 per acre. Farmers are not complaining about $25 hogs and $3 soybeans.

Incidentally, Mr. Speaker, H. R. 9680 made no provision as regards weather. We are experiencing a severe drought in Illinois today. We need rain. Our corn crop is drying up.

There is also no provision in the bill for diverted acres.

Mr. Speaker, at the proper time, I propose to offer an amendment, on page 43 between lines 3 and 4, to insert the following:

> In order to stockpile fertility in the soil and build a soil fertility bank, the Secretary of Agriculture is hereby authorized to require producers to devote a percentage of their cropland to soil building crops or practices as a condition of eligibility for (1) conservation payments, and (2) price supports on crops which are not under marketing quotas and acreage controls (either one or both).
>
> In addition the Secretary is hereby directed to establish on an appropriate geographical basis lists of crops which may not be produced for direct or indirect sale (except pasture).

Mr. Speaker, this amendment seeks to control diverted acres where acreage allotments and marketing quotas have been established. In other words, there is no reason to control prices and still have one crop compete against another and create a surplus in that particular commodity.

Mr. O'HARA of Minnesota. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Illinois. I yield to the gentleman from Minnesota.

Mr. O'HARA of Minnesota. I would like to compliment the gentleman on the fine statement he has made pertaining to this farm legislation and the bill which is before us. Let me say one other thing to the gentleman. It is true he has spoken generally about the problem. It is also true that the agricultural and the dairy interests are two of the greatest industries of this country, and if those people are affected and their economy is lessened, then it affects the whole country. Is that not a fair statement?

Mr. SIMPSON of Illinois. I think the gentleman is correct, and the committee recognized it.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Illinois. I yield to the gentleman from Illinois.

Mr. ARENDS. I, too, want to compliment the gentleman from Illinois [Mr. SIMPSON] on his statement. He is one of the truly diligent members of the committee who has given this problem his sincere attention and study. I was very much interested in his proposal to offer an amendment to do something about diverted acres. Certainly this needs attention, and I hope he brings to the attention of the membership what he proposes to do on tomorrow.

Mr. SIMPSON of Illinois. If you are going to have rigid supports, then you will have acreage allotments and marketing quotas, but there is no reason to have one part of the country compete with another and thereby create surpluses.

Mr. COLMER. Mr. Speaker, I yield myself such time as I may desire.

Mr. Speaker, this is the long awaited 1954 farm bill. Frankly, my knowledge of it has largely resulted from the hearings before the Committee on Rules, which were rather extensive together with my study of the report and the hearings.

This is an open rule providing for 4 hours of general debate and the usual debate and amendments under the 5 minute rule. Mr. Speaker, I am pleased that as one who is interested in the agricultural economy of our country that I have the privilege of presenting this rule, making in order the consideration of this legislation, here today on the minority side.

I was very much pleased, Mr. Speaker, when the Committee on Agriculture was before the Committee on Rules, with the general overall apparent unanimity of opinion. There appeared only one who voiced opposition to the bill. While I am satisfied there are others who are not in accord with the provisions of the bill, as I say, the bill appeared to be a very good one from the information received by the Committee on Rules. It was particularly gratifying to observe the apparent complete lack of any partisanship. For instance, we had there that stalward friend of the farmer and of agriculture, the gentleman from Kansas [Mr. HOPE], who is chairman of the Committee on Agriculture, who made a very strong presentation, for over an hour, in behalf of the bill. He was followed by that equally strong advocate of the agricultural interests, the gentleman from North Carolina [Mr. COOLEY], who also spoke at length.

It seems, Mr. Speaker, though we have 4 hours of general debate provided on this bill, and no doubt much time will be taken under the 5-minute rule, the only controversy will appear on section 1, the question of rigid price supports. The bill generally seems to be agreed upon otherwise as a good bill on all sides.

On the question of rigid price supports, it might be interesting to comment at an early stage of the debate upon what appears to be the situation there. The Secretary of Agriculture and the President of the United States advocated flexible support prices, rather than mandatory support prices on the basic commodities. The testimony before the Committee on Rules was to the effect that the Committee on Agriculture gave the President and the Secretary three-fourths of what they asked for, if not all.

The testimony was that the Secretary, speaking for the administration, asked for a 5-point program. With the permission of the House I should like to scan those very briefly. One, that part of our burdensome stocks be set aside and eliminated from price support computations in order to ease the transition to the new program.

The Committee on Agriculture gave that right to the Secretary. It is interesting to note in that connection, Mr. Speaker, that the testimony further was—I do not have the exact testimony convenient at hand, but the Secretary testified, and if I am misquoting I am sure everyone will understand it is not

intentional and I will be corrected—that by the set-aside which the committee provided in this bill of some $2.5 billion worth of surplus commodities, the support prices would remain for another year and possibly 2 or 3 years at 90 percent of parity.

Therefore, if that be true, and since the mandatory support prices for the basic commodities are continued for only 1 year, the provision for mandatory support of 90 percent of parity on the basic commodities would seem to be an academic question, even though we understand that that is going to be the controversial question here. In other words, the committee gave the administration what they asked for in this set aside and, therefore, if that gains the same purpose the committee has only insured that it would do what the Secretary said it would do.

The second point was that the Federal assistance be given to increase the exports of American farm products both within and outside the normal channels of trade. The committee had provided for that point in the program.

Third, the Secretary said for the basic commodities a change should be made from price support at the rigid 90 percent of parity to the price support at 75 to 90 percent of parity depending on the supply; in other words, the flexible provision. I have already discussed that and I shall not devote further time to it.

Fourth, that beginning January 1, 1956, parity for all farm products be figured on a modernized basis of parity. The committee provided for that in the bill.

His fifth recommendation was that when land must be diverted from production, agricultural conservation program funds be used to help farmers make these adjustments in a manner that will advance soil conservation and long-term efficiency.

The testimony before the Committee on Rules from the members of the Committee on Agriculture was that this was not provided for in the bill because the Secretary subsequently said that they had ample authority for that and did not need it.

So we get down then to the question of whether, if my information is correct, this is the administration's program, whether this is the administration's bill, or whether it is not. The testimony before the committee would certainly indicate most strongly that this bill is the administration's program.

On the question of the mandatory 90 percent support for the basic commodities as well as on the overall question of support prices for agriculture, let me just make this observation, if I may, in passing. Just a few moments ago this House by a very substantial majority—I comment that it was by a smaller majority than on previous occasions but nevertheless by a substantial majority—provided for additional foreign aid, the so-called give-away program, to the extent of some $4 billion. I shall not go into the merits of that question. I expressed my views and further protest by voting against it. But if we can vote $4 billion here today for foreign aid, why should we get so excited about insuring to our own domestic farm industry some kind of a support program? I do not want to go into the field of politics on this matter. I shall certainly, I hope, not get into partisan politics here because I do not understand that there are any, as is evidenced by the fact that the gentleman from North Carolina, the former chairman of the committee, and the gentleman from Kansas, the present chairman, are in accord on this bill. But, on this foreign aid, we have given in a period of the last 6 or 7 years an astronomical amount of money. Some say it amounts to $60 billion, others figure that it is up over $100 billion. In that time under the price support program for our domestic agricultural industry, for our own domestic economy, our losses have been negligible. In fact in the case of cotton the Government has made a profit of $260 million. So, it seems that if we are going to try to be at least halfway consistent, we ought to give some support to our own domestic economy. In that connection, I should like to reaffirm what I have stated on many occasions that the real objective of the Communists is not an all-out war, but a victory by destruction of the economy of this country. When they destroy our economy, and when the resulting hungry bellies ensue, then we become ripe for Communist infiltration.

Permit me to say to my colleagues here today that the greatest boon to communism would be to destroy the agricultural economy of this country. Or to put it another way, the philosophy of communism today has no followers in our rural communities and among the tillers of the soil. The farmers of America constitute the greatest bulwark against communism in free America. Communist infiltration has found its most fertile field in the great urban centers of this country. I don't want to do anything that will weaken the resistance of those engaged in agricultural pursuits to this pagan philosophy.

Mr. Speaker, returning for a moment to the question of surpluses, of course we are all concerned, in varying degrees, over what has happened in the accumulation of these large surpluses in some of the commodities, particularly with reference to dairy and poultry products. But again it must be remembered that these were largely the result of overproduction stimulated by the Government due to the war effort. There is really no necessity for any great alarm over the surpluses in wheat, corn, and cotton. These are all basic commodities. We never know when we will need these surpluses. It is certainly better to have a surplus in these commodities than to have a shortage. In fact, other countries envy us because of these surpluses. Except for the perishable commodities, there is really no reason for undue concern. In the case of cotton, for instance, there was testimony before the committee to the effect that there is only enough cotton on inventory to run the cotton mills of this country 1 week. While it is true that there is a carryover of some 8 million bales of cotton, in case of severe drought or crop failure this would be used within 6 months.

In this connection I quote from the committee's report as follows:

> Our Government now has many billions of dollars invested in materials for defense—guns, planes, ships. These materials are not charged as surplus against industry. Food is equally as important in war and its abundance must be recognized as an essential element of the Nation's safety. The Government now has around $6 billion invested in food and feed stocks, only a small fraction of the annual military budget.
>
> It should be pointed out that after World War II industry was protected against the competition of surplus war material. Trucks and cars, and other Government surplus items were kept off the normal competitive market. Industrial war plants were recognized as surplusage, and charged off to war.

Mr. Speaker, it is unfortunate that certain people in the administration have seen fit to attempt to array the city people against the farmers in their opposition to this legislation by trying to sell them on the proposition that if 90 percent rigid parity were continued that the consuming public would reap the benefit in lower cost of food. This argument will not stand up. First, for the simple reason that it is the middleman and not the farmer who is responsible for the high cost of farm products. And, secondly, because the history of the program reflects the fact that it was upon those articles with flexible price supports that the surpluses accrued and not upon those with the rigid or 90 percent parity support. Moreover, I call your attention further to the fact that while other sectors of our economy have achieved new high records of income, the net farm income has declined 13 percent in the past 2 years. Further, this loss to the farmer while prices on other commodities which he and the public generally must buy have been going up has been reflected in business and industry generally which supplies the needs of our farm population.

Thus since the welfare of the farmer is directly connected with our whole economy, a continued decline in the farm income would adversely affect not only the farmer, but the whole economy of the Nation.

Mr. Speaker, it is indeed gratifying to note that the committee saw fit to include a continuation of the mandatory support price of from 60 to 90 percent of parity on tung oil and honey. As my colleagues are aware, for the past 10 years we have been waging a fight to protect the infant tung-oil industry in this country. Tung oil is not only the finest drying oil used in our paints, varnishes, and electrical equipment, but it has a distinct military value. And in view of the fact that we have been dependent upon foreign tung oil, mostly Chinese, for many decades both in peace and war until this industry was developed in certain of our Southern States so as to assure a supply of this valuable commodity in this country, it is difficult to understand why the administration recommended to the Congress that it be dropped from the mandatory support program. This struggling young industry needs protection and governmental encouragement. I am happy that the President has seen fit to recommend to the Tariff Commission that a quota pro-

vision be provided by the Commission which will insure the tung industry against the dumping of these cheap foreign oils, which are largely coming from the Argentine now, on the market to drive the price of the domestic production down. The ultimate objective being of course to destroy this young domestic industry. When and if the Tariff Commission places adequate quotas upon these importations, it is my firm conviction that the Commodity Credit Corporation will never be called upon to purchase a single pound of this oil.

Mr. Speaker, so far as I am concerned it would appear that the administration is making a grave mistake in opposing this legislation. I think that on the whole it is a good bill, and I am going along with it. I think the Committee on Agriculture is to be commended for its efforts.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may require to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Speaker, I am opposed to the rule, as I regard high price supports as inimical to city consumers. I shall offer amendments to try to make the bill to conform to the administration program, if no one else does.

These amendments will be to strike out the provision of the bill calling for continuance of Government supports in the six basic agricultural commodities at 90 percent of old or modernized parity, whichever is higher and will also seek to strike out the proposed increase of price supports for butter from the present 75 percent of parity as established by the Secretary of Agriculture on April 1 of this year to 80 percent. From the example shown by butter, I believe that consumers can get 10 percent more for their food dollar and thereby "save" enormous sums if price supports are established on a flexible percentage of parity depending upon the relationship between demand and supply. I shall expect to fully debate this subject in the amendment stage of the bill but believe it appropriate that Members be advised with regard to the amendments which will be offered.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may require to the gentleman from Utah [Mr. STRINGFELLOW].

Mr. STRINGFELLOW. Mr. Speaker, I should like to call to your attention two provisions of the agricultural bill, H. R. 9680, reported to this Chamber last week by the chairman of the House Committee on Agriculture.

Section 308 (j) of this bill provides that the Secretary of Agriculture shall, in the referendum on the national marketing quota proclaimed for the 1956 crop of wheat, also submit the question whether farmers favor a two-price system in lieu of marketing quotas. It further provides that if more than one-half of the farmers voting in the referendum favor a two-price system, the Secretary shall suspend the national wheat marketing quota and a marketing certificate program shall be in effect for the 1956 and subsequent wheat crops and acreage allotments and marketing quotas shall not be in effect for wheat.

Section 325 (a) of this bill states the Secretary is authorized and directed to make available through loans, purchases, or other operations price support for that 1956 crop of corn in the commercial corn-producing area at, first, 90 percent of parity, if the majority of producers voting in a referendum favor an acreage allotment; or, second, at a level between 75 and 90 percent, if the majority favors no acreage allotment.

At this time, Mr. Speaker, my concern is not directed at a discussion of the relative merits of the alternatives contained in the two sections which farmers would be asked to decide upon. Rather my concern is directed toward the desirability of letting any groups decide the specific content of any law which benefits them. That is the function of the Congress, whose Members are elected by the people for the purpose of legislating, a function which should not be delegated. This, I might add, is the fundamental characteristic of a republican or representative form of government.

Mr. Speaker, these two sections, if permitted to become law, will, in my opinion, establish a dangerous precedent. In sum and substance, its continued use by the Congress, pressure for which could be expected from other groups, constitutes a serious threat to the sovereign legislative authority of the Congress as provided for in article I of the Constitution. Let me explain this in some detail.

Use of the referendum provision in these two sections constitutes a substantive delegation of legislative authority, in spirit and perhaps in law, since the choice farmers are asked to make is not between, first, compliance with a regulatory program in return for price support; or, second, not complying with a regulatory program and thus no price support. Rather, each alternative offered in the two sections comprise a single substantive act which the Congress alone should enact into law. They do not constitute a legislative act, as in the case of referenda dealing with marketing quotas, which the Congress has merely placed a restriction upon its own regulations by withholding its operation in a given case until it is approved by referendum. Here the choice is between two substantive legislative programs in each section, either one of which becomes law if favored by a majority of farmers.

Such a practice by the Congress of delegating its legislative responsibility would soon result in direct legislation by all economic groups strong enough to force their demands upon the Congress. If you let farmers decide the kind of price-support program they want, it is just as logical to let: First, bankers determine the rate of interest they can charge customers and the rediscount rate they must pay at Federal Reserve banks; second, railroads determine the rates they charge to handle passenger and freight service; and third, labor unions determine unemployment and workman's compensation rates. I believe, and I think you will agree with me, Mr. Speaker, that such a practice would be utterly intolerable. Yet, that is the direction this bill moves in if we enact it into law.

It may be purely coincidental that the Agriculture Committee has settled upon this device which, in effect, would permit grain farmers in the Midwest to decide the level at which and method by which the Government will support wheat and corn prices in the 1956 presidential election year. It seems to me inescapable, however, that personal concern for personal political futures are involved, since 1956 is also an election year which also will see the membership of this body up for reelection.

Mr. Speaker, where the entire welfare of this country is involved, not just farmers, as it is in farm-price support legislation, it behooves the Congress to stand on its own two feet and squarely face its responsibilities. I earnestly beseech this body to reject this method of enacting legislation. Let the debate be upon each of these alternatives as they apply to wheat and corn. Let us decide which shall become law. Legislating is our responsibility, a responsibility which we cannot in the best interest of the American people delegate to any specific interest group, be it a farm group, labor group, or business group.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Utah [Mr. DAWSON].

Mr. DAWSON of Utah. Mr. Speaker, during the course of this gloomy debate while watching leaders of the House Agricultural Committee oppose their own administration, I have earnestly tried to find a silver lining. It has been a difficult job. To tell the truth, I didn't find a silver lining, I had to make one. I made one by imagining how much gloomier in contrast this whole situation would be if it had not been for the courage of Members of Congress in this and in preceding sessions who resisted all attempts to broaden the rigid price-support program to include other agricultural commodities.

I am also thankful that in Secretary of Agriculture Ezra Taft Benson we have a man who backs up those of us who resist pressures from highly vocal self-interest groups who try to parlay temporary emergencies into a new expedition into socialized agriculture.

We can all remember a year ago when cattlemen from throughout the Nation descended on Washington. More than 30 came from my State in a bus chartered by the Farmers Union. The price of beef had slumped and they wanted livestock placed under the rigid price support program. Does anyone here think that if we had taken that action—if the Secretary had wavered under the propaganda onslaught—that we would not have livestock growers back here now? If we had adopted the program they wanted, the livestock growers would probably already be in serious trouble. This fall they would face the unpleasant prospect of having to vote to limit their production and income. Our consumers would be boiling as the Government took their taxes to buy and store beef that they cannot afford to buy for their own dinner tables. Can such a program be called a program to help the farmers?

What is true for cattle is true for pork, potatoes, poultry, eggs, anything. How much more complex our problem would

be today if these additional products were included in the rigid price support program—and they could have been. Certainly they are more basic in a food and economic sense than is tobacco.

How fortunate we are today that we have limited our mistakes to a comparatively few commodities and that we have in the administration leadership that is determined that these mistakes shall be corrected as soon as possible.

It is amazing to me that the commodities and the producers of them that are in the greatest trouble today are those for which price supports have been pegged at 90 percent of parity.

Another misconception is that the rigid price support program is designed to aid the small farmer. This is not the fact. Corporate farms producing for profit and storage are getting the lion's share of price support payments—some payments running into hundreds of thousands of dollars.

If any monuments are needed to the folly of continued rigid high supports we have it in our new dust bowls. Here we have a new area of waste caused by the diversion of grassland to wheat production. The production of wheat on this submarginal land would never have taken place except for the fact that a guaranteed Government market made the risk worth taking and the underaverage yield per acre still profitable for large operators. Can there be any sense in continuing this type of program?

The other day I bought a candy bar. Instead of chocolate being sprinkled with peanuts, I found some cereal type substitute almost as good. Those who drink coffee need no longer worry about the high price of cream. A non-deteriorating substitute made from skimmilk has been found. It is not as nourishing, but the people can afford it. Another market is lost to our farmer. Oleo for butter. The near disappearance of honey. The drop in peanut consumption. High support prices will put the farmer out of business and hasten the day when we have a completely synthetic society.

As I said in the beginning, I am thankful that the picture is not as dark as it could be if we had extended this rigid program to include all commodities. But if ever Congress needed an example of the difficulties one runs into when trying to amend the law of supply and demand, it is here on this floor today.

The consumer is hurt, the farmer is hurt, the country is divided and nobody gains. Congress should pass the necessary legislation and permit the Secretary to free the farmers from economic shackles which Congress voted in the past for a special purpose and which now prevent the agricultural segment of our Nation from keeping step with the rest of the economy on the march to a better standard of living.

Mr. COLMER. Mr. Speaker, I yield such time as he may require to the gentleman from Minnesota [Mr. WIER].

Mr. WIER. Mr. Speaker, I just want to take this opportunity, coming from an urban center, and representing city consumers, to say that I am 100 percent in favor of this bill.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. H. CARL ANDERSEN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 93]

Albert	Grant	Morrison
Angell	Hale	Murray
Barden	Hart	Norblad
Beamer	Hays, Ohio	Osmers
Bentsen	Heller	Pfost
Bonin	Hillings	Pillion
Buckley	Horan	Powell
Burdick	Hyde	Reed, Ill.
Busbey	Kearns	Reed, N. Y.
Camp	Kersten, Wis.	Regan
Celler	Kirwan	Riley
Chatham	Lantaff	Sieminski
Clevenger	LeCompte	Sutton
Condon	Lesinski	Taylor
Coudert	Long	Thompson, Mich.
Curtis, Nebr.	Lucas	Wainwright
Davis, Tenn.	Lyle	Weichel
Dawson, Ill.	Machrowicz	Wheeler
Dingell	Mailliard	Willis
Dodd	Mason	Wilson, Tex.
Feighan	Meader	
Fulton	Miller, Nebr.	

The SPEAKER. On this rollcall, 358 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AGRICULTURAL ACT OF 1954

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9680) to provide for continued price support for agricutlural products; to augment the marketing and disposal of such products; to provide for greater stability in the products of agriculture; and for other purposes.

The SPEAKER. The question is on the motion of the gentleman from Minnesota.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9680), with Mr. COTTON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. HOPE].

Mr. COOLEY. Mr. Chairman, will the gentleman from Kansas yield to me?

Mr. HOPE. I yield to the gentleman from North Carolina.

Mr. COOLEY. Mr. Chairman, I think all of us know that we are now about to consider a very important bill, a bill which vitally affects the welfare of all the farmers of America and all the consumers of our great country.

I have served in this House for 20 years, and during that entire time I have had the pleasure and privilege of serving on the Committee on Agriculture with our colleague from Kansas, CLIFFORD HOPE. CLIFFORD HOPE is held in high esteem by all Members of both Houses of Congress. He is known throughout the length and breadth of our great Nation. He is admired by all the farm leaders.

I know of no man in this body who has worked more faithfully, and more diligently in the interest of agriculture than has CLIFFORD HOPE. I know of no man in either House of Congress who has had more valuable experience in agricultural legislative matters than has CLIFFORD HOPE. He has served on our committee for 28 long years. He is recognized as one of the great farm leaders of our Nation. I think all of us would now be willing to nominate and elect CLIFFORD HOPE as Mr. Agriculture of 1954.

I take this time to urge you, in fairness to yourselves, to your constituents, and out of respect to our great chairman, to stay here with us and hear his explanation of this bill. All of you will profit from it, and I think you will have a better understanding of the purposes of the bill here on the floor during this discussion.

I want to make one other suggestion for the leadership, and that is this: We know, generally speaking, a lot about the issues involved, but I honestly and frankly believe there has been a tremendous amount of misunderstanding concerning the bill we have reported. Actually, there is only about one controversy involved, and when that is out of the way this bill can move to passage. If we will cooperate with the leadership, I honestly believe we can conclude the consideration of this bill today and take the final vote today, rather than to drag it out all through Thursday and on into Friday. I believe the Members should be willing to stay here for 4 hours. That would take us to 6:20. Then the first vote is the only vote of very great importance. That centers around the price-support program. I suggest that the leadership on both sides of the aisle consider the advisability of concluding this bill by taking the final vote this evening, even if it means shortening the general debate. I am perfectly willing to shorten the general debate because I think when the gentleman from Kansas [Mr. HOPE] gives us the explanation all of us will have a better understanding of the issues involved.

I thank the gentleman from Kansas for yielding to me to make this statement.

Mr. HOPE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I of course want to sincerely thank my distinguished colleague, the former chairman of the Committee on Agriculture, for the very, very generous references he just made to me as chairman of the House Committee on Agriculture. I am sure I do not have to tell this committee what a great pleas-

ure it has been to me to have been able to work with the distinguished gentleman from North Carolina for so many years on the Committee on Agriculture. For 4 years he served as the distinguished chairman of that committee. There is no piece of important agricultural legislation that has come before the Congress during the many years he has served on the committee which does not bear the imprint of his work, his thinking, and his viewpoint.

We have before us today a bill which is the result of 10 months of work by the House Committee on Agriculture. The committee began early last September its series of hearings throughout the country for the purpose of studying the problems of the farmer right on the land and getting his viewpoint with respect to agricultural legislation.

During these hearings, we traveled more than 20,000 miles. We heard more than 2,000 witnesses and we visited many, many farmers on their own farms and discussed their problems with them there. We met with farmers in small groups in courthouse squares and similar places. I feel we got very close to rural America. I am sure that the experience and the information that the committee obtained during that trip has enabled it to do a better job in preparing a farm bill than would have been the case otherwise. Beginning in March, the committee held here in Washington a comprehensive series of hearings in which we heard dozens of witnesses representing all the great farm organizations and many other interested groups. We opened our hearings with the Secretary of Agriculture and his associates. Several weeks later, as our hearings neared a conclusion, we asked the Secretary to come back and give us the benefit of his suggestions at that time. We have put a great deal of work and study on this bill. We are not bragging about it particularly—we wish we could have written a better one. But we believe we have written a bill which goes a long way toward meeting the suggestions of the President of the United States and of the Secretary of Agriculture with respect to agricultural legislation, and one which brings our agricultural legislation pretty well up to date.

When Secretary Benson appeared before our committee on March 10, he gave us in some detail the President's program. He summed up that program in this language:

> The President's major proposals are these:
> 1. That a part of our burdensome stocks be set aside and eliminated from price-support computations in order to ease the transition to the new program.
> 2. That Federal assistance be given to increase exports of American farm products both within and outside the normal channels of trade.

As to the recommendation No. 1, which I read first, to set aside burdensome stocks, that is included in the bill which is now before you.

The program for Federal assistance to increase the exports of American farm products has passed both the House and the Senate. We adopted the conference report on that bill this afternoon.

I am going to pass over No. 3 for the present.

No. 4 was:

> That beginning on January 1, 1956, parity for all farm products be figured on a modernized basis which takes account of the present production methods and changes in supply and demand that have occurred during the more than 40 years since 1910–14.

We have included that recommendation in our bill in exactly the form in which it was presented to us by Secretary Benson.

The fifth proposal is:

> That when land must be diverted from production, agricultural conservation program be used to help farmers making these adjustments in a manner that will advance soil conservation and long-term efficiency.

The Committee on Appropriations, in the bill making appropriations for the Department of Agriculture, has included a provision for putting that recommendation into effect.

The third recommendation, which I passed over, was as follows:

> That for the basic commodities a change be made from price supports at rigid 90 percent of parity to price supports at from 75 percent to 90 percent of parity, depending upon supply.

We have not adopted that recommendation in this bill.

We have deferred, for an additional year, putting into effect flexible price supports.

I want to briefly tell you of the thinking of the committee which led us to take that position. We know, as a result of our hearings, and you all have that information, that during the past 2 years the net income of American farmers has declined by 13 percent. We know that because of the burdensome surpluses that exist now it has been necessary for the farmers to take steps to reduce their production. In the case of wheat, cotton, peanuts, tobacco, and corn, acreage allotments or marketing quotas are now in effect. So that in addition to having their income reduced by lower prices during the past 2 years, farmers are now being forced to take an additional cut, due to the fact that they are working together under Government programs to reduce production and to reduce these surpluses. There are two ways to handle this surplus problem, one is to reduce our production. The other is to expand consumption at home and abroad as much as we can. The bill, S. 2475, the Agricultural Trade Development and Assistance Act of 1954 which we passed in the House a short time ago, and on which the conference report was adopted today, will help in that regard.

Because of this reduction in wheat acreage, which will amount for 1955 to 33 percent below the acreage for 1953, and similar reductions in other basic commodities, with further reductions next year, the income of the farmers will be further reduced. Our committee feels that from the standpoint of the general economy it would be a mistake to go any further at this time in reducing farm incomes. So we have decided that for the next year we should defer the coming into effect of flexible supports. I do not know of anything which could occur that would have a more disturbing effect as far as the general level of farm prices is concerned than for us to pass a flexible price support program. We face some trouble already. We know that this fall the price of hogs is bound to go down. They are talking about 16-cent hogs. We know that with the increased acreage of soyabeans the price of soyabeans is going down. Both of these are products upon which farmers have been getting particularly high prices.

We do not think this is the time to further reduce the income of farmers in this country. For that reason we have felt that we could not go along with the President's recommendations to shift the flexible price supports at this time.

The CHAIRMAN. The gentleman from Kansas has consumed 10 minutes.

Mr. HOPE. Mr. Chairman, I will yield myself 2 additional minutes in which to conclude.

Mr. SIMPSON of Illinois. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. SIMPSON of Illinois. I believe the gentleman stated he expected hogs to go down $10 in the next 2 months. They were $25.60 in Chicago yesterday. Does the gentleman think they will go down to $15?

Mr. HOPE. I am not making any predictions, but they are talking about 16-cent hogs. Of course that will not happen.

Mr. SIMPSON of Illinois. I understood the gentleman to say that he expected them to go down $10 in the next 2 months.

Mr. HOPE. No; I did not say that. I said they were talking about 16-cent hogs this fall. With the increase in the number of hogs, of course that is a strong possibility. I hope it does not occur, and I am sure the gentleman does also.

Mr. Chairman, we bring this bill to you for your earnest consideration. I shall not take time to go into detail as to the various provisions that are included. If you will get a copy of the report you will find that on page 2 the major provisions are outlined in a brief compass. If you care to study the matter more fully the various sections of the bill are fully discussed and explained further over in the report.

Mr. Chairman, as a part of my remarks, I desire to include a number of wires and letters from State and National farm organizations. Some of these relate particularly to the two-price program for wheat which is included in the bill to be voted upon by farmers as an alternative program for that commodity. Others deal with the general provisions of the bill.

I call particular attention to the very able discussion contained in the letter from Mr. Herschel Newsom, master of the National Grange:

> NATIONAL GRANGE,
> *Washington, D. C., June 30, 1954.*
> Hon. CLIFFORD R. HOPE,
> *New House Office Building,*
> *Washington, D. C.*
> DEAR CONGRESSMAN HOPE: H. R. 9680 contains many provisions that point the way toward a permanent solution to the farm

problem through a commodity-by-commodity approach which we could not hope to achieve if all commodities were put under a single flexible price-support plan through a return to the provisions of the Agricultural Act of 1949. We believe the Agricultural Act of 1954 embodies real progress in the right direction, and sincerely hope that it will be passed by the Congress and approved by the President.

The Grange realizes that changes must be made in the present farm program, since segments of it do not serve agriculture and the Nation well. The current surplus situation is untenable and new approaches are necessary. It is our feeling, however, that basic price moves should be made rather gradually, and that this bill embodies essential elements of such gradualism.

It is the feeling of the Grange, furthermore, that the present controversy over the level of price supports for the basic six farm commodities is being magnified all out of true proportion. This is for the reason that high fixed versus flexible price supports is not the heart of the farm problem. The heart of the farm problem at the present time is bringing supply into balance with demand. This process is currently going forward, and H. R. 9680 adds impetus to this movement.

Those who would admittedly like to see the Agricultural Act of 1949 become effective by default of any new legislation being approved, or those who have persistently insisted on moving rapidly and almost exclusively to flexible price supports for the basic six farm commodities as the only solution to the farm problem, have refused to take into full account the drastic changes in our farm income and supply situation that have taken place since 1949. Over the long pull, it is the feeling of the Grange that flexible price supports are basically valuable and desirable. On the other hand, flexible price supports right now would do little to increase consumption of most commodities here at home. They would not lower prices enough in most cases to enable the American farmer to compete for his fair share of the world's market at the world market price level. Flexible price supports at this time would do little to discourage production of those commodities in burdensome supply, since flexibility of production can be attained only when some other crop is more profitable or less unprofitable. There are few crops currently in this category.

The differences in points of view by the various groups involved in this price support struggle seem to us to be predicated largely on a difference of appraisal of the effect that a further decline in farm income might have upon our total national economy. The Grange is dedicated to the proposition of bringing about a situation whereby agriculture may shift from a wartime level of production to peacetime requirements without its having to suffer a period of severe deflation, which it has always had to do in the past following periods of war-born inflation.

H. R. 9680 also gives expanding recognition to competitive price mechanisms, while at the same time cushioning farm price problems until new measures can become operative.

Very sincerely yours,

HERSCHEL D. NEWSOM,
Master.

PORTLAND, OREG., *June 29, 1954.*

Hon. CLIFFORD HOPE,
House Office Building,
Washington, D. C.:

The Oregon State Grange at its annual session earlier this month reaffirmed its support for the two-price system and I am instructed to acquaint the Congress with our views on this issue. We feel that adoption of the two-price system is a necessary step in marketing surplus grain supplies at a price that will permit the grain grower to operate with a margin of profit.

ELMER MCCLURE,
Master, Oregon State Grange.

NEBRASKA STATE GRANGE,
Lincoln, Nebr., June 26, 1954.

Hon. CLIFFORD HOPE,
Chairman, House Agriculture Committee,
House Office Building, Washington, D. C.

DEAR MR. HOPE: I was greatly pleased to read that the House Agriculture Committee has approved a two-price proposal.

Although the two-price system is not the answer to all of our financial farm problems, I am convinced that it will be a big aid in marketing a few hundred million bushels of surplus wheat without compelling either wheat producers or the taxpayers to accept an unduly heavy loss.

I hope that the two-price proposal passes the House. The plan undoubtedly has the support of the majority of Nebraska wheat producers who have had an opportunity to study the current two-price proposal.

Yours very truly,

H. CLYDE FILLEY,
Master, Nebraska State Grange.

MUSCATINE, IOWA, *June 28, 1954.*

CLIFFORD HOPE,
Chairman, House Agricultural
Committee, House Office Building:

We of Iowa State Grange urge the passage of the two-price plan proposal, by the House, as approved by your Committee on Agriculture.

HAROLD E. PACE,
Master, Iowa State Grange.

HURON, S. DAK., *June 28, 1954.*

CONGRESSMAN CLIFFORD HOPE,
House Office Building:

South Dakota State Grange urges the passage of the two-price plan as approved by your committee.

ROSS CUMMING,
Master, South Dakota State Grange.

OSHKOSH, WIS., *June 28, 1954.*

CONGRESSMAN CLIFFORD HOPE,
House of Representatives,
Washington, D. C.:

We favor passage of your bill, especially two-price plan approved by your committee.

WM. SEFFERN,
Master of the Wisconsin State
Grange, Van Dyne, Wis.

OGILVIE, MINN., *June 28, 1954.*

CLIFFORD HOPE,
House of Representatives,
Washington, D. C.:

Please be advised that the State grange of Minnesota emphatically backs the two-price plan proposal approved by the House Committee on Agriculture.

WILLIAM B. PEARSON,
Master.

NAMPA, IDAHO, *June 29, 1954.*

Congressman CLIFFORD HOPE,
Washington, D. C.:

Granges throughout Idaho are firmly behind the two-price proposal as approved by the House Agricultural Committee. We sincerely urge its passage by the House.

IDAHO STATE GRANGE,
W. E. ADAMS,
Master.

PENDLETON, OREG., *June 29, 1954.*

Congressman CLIFF HOPE,
House of Representatives,
Washington, D. C.:

Our growers in this area strongly favor two-price plan. Hope your H. R. 9680 will be adopted. This would give us opportunity to develop the two-price plan.

JAMES HILL, Jr.,
Secretary, Pendleton Grain Growers, Inc.

NEBRASKA STATE GRANGE,
Lincoln, Nebr.

Hon. CLIFFORD R. HOPE,
Chairman, Agricultural Committee,
House of Representatives,
Washington, D. C.

DEAR SIR: I am informed that your committee has under consideration a bill providing for the so-called 2-price system of disposing of the wheat surplus. It is becoming apparent that the devices now in use for managing our large wheat production are not adequate and that something more effective will have to be brought into use. It is the considered opinion of the members and officers of the Grange that the 2-price system is the most promising plan now in sight and we urge your committee to report this bill out and work for its passage.

Sincerely yours,

G. A. SPIDEL,
Executive Committee,
Nebraska State Grange.

PENDLETON, OREG., *June 29, 1954.*

Representative CLIFFORD HOPE,
House of Representatives, Office Building, United States Congress, Washington, D. C.:

Oregon Wheat Commission lends its complete support and endorsement of agricultural H. R. 9680. In complete agreement with provision providing for referendum vote on 2-price legislation. Commission strongly favors continuation of 90-percent supports for 1 year.

MARION T. WEATHERFORD,
Chairman, Oregon Wheat Commission.

PENDLETON, OREG., *June 29, 1954.*

Congressman CLIFFORD HOPE,
House of Representatives,
Washington, D. C.:

Oregon Wheat Growers League strongly supports passage of H. R. 9680. This bill includes most of the recommendations submitted to the House and Senate Agricultural Committee by representatives from National Association of Wheat Growers and Oregon, Kansas, and Texas State groups on April 7–8, 1954. It will give agriculture needed stability during coming year at time when farmers faced with a continued decrease in income. Let us know if we can give this bill further support.

RICHARD K. BAUM,
Executive Secretary,
Oregon Wheat Growers League.

SEATTLE, WASH., *June 28, 1954.*

Congressman CLIFFORD R. HOPE,
House Office Building,
Washington, D. C.:

Commend you on the report of your committee on extension of agricultural program with high supports for 1 year. Reaffirm our position as indicated at the Pendleton hearing.

A. LARS NELSON,
Master, Washington State Grange.

WASHINGTON, D. C., *June 29, 1954.*

Hon. CLIFFORD R. HOPE,
House Office Building,
Washington, D. C.:

Since high level versus flexible supports not heart farm problem, National Grange solicits your support Agricultural Act of 1954 as constructive measure pointing direction toward sound commodity-by-commodity solution with expanding recognition competitive price mechanism while cushioning farm-price problem until new measures become operative.

HERSCHEL D. NEWSOM,
Master, the National Grange.

Mr. GAVIN. Mr. Chairman, will the gentleman yield for a consent request?

Mr. HOPE. I yield.

Mr. GAVIN. 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 Pennsylvania?

There was no objection.

Mr. GAVIN. Mr. Chairman, price support at 90 percent of parity is seriously injuring both the consumers and the farmers of Pennsylvania. To use the power of the Federal Government to destroy the markets of free farmers may be justifiable in time of war, although I doubt it, but in time of peace it is the rankest kind of injustice.

Potatoes piled up to rot and spoil and to be dumped or fed to hogs; eggs stored in caves and going to waste; butter stored and turned rancid; mountains of wheat piling up; foreign markets shrinking; billions of tax dollars being spent; and in the face of all this we have a bill brought before this Congress asking that we close our eyes to all that we see and continue 90-percent supports. While the Congress has not forced the Government to continue supporting the price of potatoes and eggs, we are being asked to compel the Secretary of Agriculture to raise the price support on butter—continue it on wheat, corn, cotton, rice, and peanuts. At least one expert here in this House has had the courage to speak out against this program that is wrecking the American economy and will wreck the American farmer as such.

Let me commend my good friend the gentleman from Pennylsvania, KARL KING, a real farmer who not only knows the agriculture of my State, but who also farmed in Kansas and is well acquainted with the fallacies of the price-support program. His statement, beginning on page 41 of the committee report, should be carefully read by every Member of this House. He has set forth the case which clearly supports the statement that raiding the Treasury in the name of the farmers is an injustice to farmers and nonfarmers alike.

Promises of pie in the sky is the kind of method used by advocates of a socialistic bureaucracy. They should be recognized by loyal Americans for what they are—traps to enslave the unwary into believing they are getting something for nothing. This is a fallacy. The only way the Government gets the money is by taxing the people; so we are only fooling ourselves. We all pay the bill, including the farmer.

After the free markets have been destroyed by government subsidized production, where must the farmers go? Obviously to more government dependence that winds up with restrictions, regulations, and bureaucratic regimentation that the American farmers abhor.

Secretary Benson has courageously laid the facts fairly and squarely before the American public and the Congress. To me what he has said may be summarized as follows: Price supports designed for World War II have been prolonged 10 years after the war on such a high scale as to prevent reasonable adjustment of farm production to more normal peacetime market demand.

Second. Surpluses of farm commodities threaten to undermine our economic system.

Third. We must gradually shift away from rigid price supports to a flexible system that allows farmers to have a freer hand in operating their own farms.

Fourth. In the final analysis farmers must produce for the market instead of the Government, and that not only prices but volume of sales as well as costs are highly important to what farmers can earn.

Fifth. Accordingly research and education to lower his costs, increase volume, and expand markets by passing some of these benefits on to the consumer is the traditionally sound economic approach to giving the farmer the assistance that he can put to the best use and at the same time preserve his freedom.

Mr. Chairman, the farmers of Pennsylvania are an independent, proud, industrious, and God-fearing people who earn their living by their toil. They cherish their independence and expect their Representatives in this House to protect it against encroachment regardless of how cleverly the trap is baited. The Pennsylvania Dutch farmers up in Lancaster, Lehigh, Berks, Lebanon, and York Counties—some of whom are represented by my very good friend, PAUL DAGUE, a member of the Agriculture Committee, who is vigorously opposed to price controls—are typical of Pennsylvania farmers: the Amish, the Mennonites, the Dunkards, the Schwenkfelders, who came to this country 250 years ago and developed the greatest agricultural region this side of the Mississippi River. They want no subsidies; they want no gratuities from their Government. They want no restrictions or regulations. They want to be let alone to pursue farming their own way. They represent the American farmer who has contributed to building a great State and Nation.

In 1952, cash receipts of the State of Pennsylvania amounted to approximately $815 million. Of that amount, $50 million came from the basic crops. Wheat, corn, and tobacco only 6.3 percent of the total; 93 percent came from other sources. Yet we are urged by Members from other areas to go along with rigid supports, hold our feed cost up, cut down on the production of basic commodities, and dump the resources for production of a part of these crops onto the markets of the poultry, vegetable, fruit, and other growers of the State.

Our farmers do not like this interference. They do not seek this questionable charity. They believe it is the duty of the citizen to take care of the Government, not the Government to take care of the citizen.

In the name of consumer sense stop this indefensible destruction of our liberties and follow the lead of President Eisenhower out of the wilderness of surpluses, waste, and disgusting dependence on the Government for a dole, and back to the common virtues of industry and thrift that made our State and Nation great.

This whole program does not make sense and if it is continued, the American people will rebel. I sincerely hope the Members will have the courage of their convictions to vote on this bill not as a matter of political expediency but on the basis of what is good for the welfare of the American consumer, the American farmer, and our Government.

Mr. COOLEY. Mr. Chairman, I yield myself 37 minutes.

Mr. Chairman, I think most of the Members already know that the cause of agriculture is close to my heart because of the fact that I have worked on the Committee on Agriculture during the entire time I have had the honor of serving in Congress.

I want to reiterate that during the time I have served on this great committee, seldom, if ever, has partisan politics entered into our deliberations. I can say with regard to the bill we are now bringing to the House for consideration, as has been pointed out by the gentleman from Kansas, Mr. HOPE, this represents the labor of that great committee over a period of about 10 months, during which time the committee went back to the grassroots to find out just how the farmers reacted to this program.

More misinformation, more inaccurate information has been given to the public concerning the price-support program for agriculture than has perhaps ever been given to the people of America on any other important issue which so vitally affects their welfare. A deliberate effort has been made by people in high places to lead the public to believe that the price support program which has been in operation through the years on basic agricultural commodities has resulted in tremendous losses; likewise, that it has been responsible for the increase in the cost of living. If those of you who are interested will listen to the facts you will know the truth, and upon the truth you may render your own verdict.

The truth is that the price support program on the basic agricultural commodities has not been financially burdensome. We have six basic commodities: Wheat, corn, cotton, peanuts, rice, and tobacco. According to information furnished to our committee by the Secretary of Agriculture, Mr. Benson—now, listen. I am giving you the facts and figures submitted by him to us upon which we acted—the losses on those six commodities during the entire operation of the program over a period of 21 years has amounted to a net loss of only $21 million, or actually $1 million a year. If you will add the sugar program to the program on the 6 basic commodities I have named—and certainly sugar is a household necessity—and subtract the $21 million from the $206 million profit on the sugar program, the entire operation on the 7 commodities will show a net profit to the taxpayers of $275 million. Now, tell me one good reason to destroy the program on the basic commodities—and they are the commodities which have been supported at 90 percent of parity.

The sugar program has worked so well that the housewife and the consumer do not even know we have such a program in operation. I have tried it out many times in talking to audiences both in the country and in the cities. I have asked: "How many of you here know anything at all about the sugar program? Hold up your hands." Not a single hand would be lifted. Then my answer would be: "Of course, you do not know what it is because it has operated so well."

We have had an abundant supply of sugar, both in time of war and in time of peace, and at reasonable prices. That program has operated so well that even Mr. Benson and Mr. Eisenhower have approved it, sponsored it and advocated it.

Then we have another program, which is one of the basics—tobacco. That, too, has operated profitably. It has not cost the American taxpayers any money and we have maintained an abundant supply of tobacco at reasonable prices at all times. That basic program has operated so well that even Mr. Benson and Mr. Eisenhower have to approve it. They have come out with their messages to Congress in which they said: "We approve the sugar program; we approve the tobacco program."

Let me explain to you just why the tobacco program has operated successfully and well. It is merely because we have used the law, we have used the machinery provided, and when this Congress with your votes wrote into the tobacco program mandatory 90 percent price supports for tobacco, then and there we agreed we would keep our supply in line with reasonable consumer demands. We have kept faith with the Congress and with the country. Consequently, since the program has operated as well as it has, nobody advocates its repeal. There is not a Member in this House, regardless of his party affiliation, who would advocate a repeal of the sugar program. Neither political party advocated its repeal in the last election.

Let me tell you why. Temporarily, we are confronted with a great supply of cotton and wheat. I am willing to take my part of the responsibility. Had the machinery been used on cotton and wheat as it has been used on tobacco and sugar, we would not now be disturbed about the surplus or the abundance we have in our storage warehouses. The fact is that the Department of Agriculture has advised the farmers what to do, they have fixed goals for the wheat and cotton farmers, and the cotton farmers, relying on the experts in the Department of Agriculture, have complied with that advice strictly to the letter.

They called upon us to produce 16 million bales of cotton last year, and we produced the crop. Had marketing quotas and acreage allotments been imposed, and had the Department of Agriculture said that we would need only 10 or 12 million bales, that is exactly what the cotton farmers would have planted. Without prolonging the argument, the wheat farmers are in exactly the same position. Yet the producers of wheat and cotton are held up to ridicule throughout the length and breadth of this land as a bunch of greedy people, unpatriotic, having no regard for the obligations of the Government, and wanting to play havoc with the financial stability of the Government that they are devoted to. The responsibility lies, not with the farmers of America but with those who have operated the program in this administration and in former administrations.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. What the gentleman has just said about the wheat and cotton situation is exactly correct. I am sure the gentleman is familiar with the fact, however, and the House should be advised that the goals were set in 1952 for the 1953 crop. At the time the goal was set in 1952 we were engaged in a bloody shooting war in Korea. Also, there was a possibility and a fear that the war might spread to other sections of the world. Well, the guess of the Department of Agriculture was not necessarily the best one. It is fair to say, and I am sure my colleague will agree, that at that time, regardless of who would have been Secretary of Agriculture, it would have been a very foolish thing for him to have set the cotton, wheat, and corn quota at any other goal or level of production. I believe my colleague will agree with that.

Mr. COOLEY. Before the gentleman takes his seat, I would like also to remind him of the fact that sometime prior to the fixing of the goals we found it necessary to impose export quotas on American cotton to keep us operating out of our own mills.

Mr. ABERNETHY. That was in the fall of 1950, and the surplus that was built up was built up primarily because we did not get into the war that was anticipated or, may I say, expected that it may come upon us.

Mr. COOLEY. Let me pause right here to say that I do not attach any blame whatever to Mr. Brannan who fixed those prior quotas. I am sure he acted in good faith. I add this: I do not question Mr. Benson's good faith in permitting the 90 percent of parity price support on dairy products to continue for 14 or 15 long months. I think perhaps he thought he was doing the right thing, but unfortunately he drifted along month after month after month accumulating mountains and mountains of butter and dairy products, and then when he started to change his program he did not do it gradually as President Eisenhower wished him to do. He dropped the boom on April 1. He did not destroy the prices on April 1. He destroyed the dairy prices the very moment he announced he was going to take that action on April 1. So, I do not question his good faith, but we can now question his judgment.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I thank the gentleman for yielding. I would like to point out that at the time the embargo was placed on cotton and the cotton held in this country, the cotton could have been sold abroad for our farmers for 10, 15, and 20 dollars a bale higher than they could obtain in the United States; and, further, that these same dairy products under the law could have been offered for sale in foreign markets at competitive prices. Not only were they held here, but they were not offered for sale in foreign trade at truly competitive prices.

Mr. COOLEY. The gentleman is right, and yet the farmer is being blamed as if he permitted these surpluses to accumulate.

Mr. DORN of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from South Carolina.

Mr. DORN of South Carolina. I know it would be of interest to the House to know that I figured out the cost of the farm support program that we are in favor of. The gentleman from North Carolina has done a fine job along that line. It has cost the average American taxpayer, since the inauguration of this program, exactly $2 a year, whereas the foreign aid program has cost the average American taxpayer $87 a year.

Mr. COOLEY. I thank the gentleman for his observation.

Let me return to the main subject of my discussion. I would not stand here and defend this program on the basic commodities if I did not actually believe it was a sound program. I have given you facts and figures to prove that we made a profit on it, and I challenge anybody who is going to speak hereafter to question the accuracy of these figures. Yet, the public has been led to believe that the producers of basic commodities are wrecking the financial stability of America. They have given out inaccurate information world without end; even the distinguished Vice President of the United States and the distinguished Secretary of Agriculture went on the radio night before last, and if you heard them or if you could read their speeches, you would conclude, if you knew the real facts, that neither one of them knew what they were talking about.

Listen to this misleading statement by the Secretary of Agriculture:

> And 6 of the basic commodities produce only 23 percent of all farm income. Why, our livestock farmers alone produced 29 percent of the total farm income, more than all the basic crops put together, but livestock men get no price supports. They don't want them.

Now, listen. He knew that he was deliberately misleading the American people who were listening to him when he went on the radio the other night. Here are the facts. No; the livestock industry does not have any price-support program, but during a recent 12-month period $261,568,352 of the Federal taxpayer's money went into a program for beef cattle.

Mr. ABERNETHY. And that was a complete loss to the taxpayer?

Mr. COOLEY. No; I will not say that. I have it here listed item by item. The complete loss amounted to $166,870,800.

Here are Mr. Benson's own figures. They are the figures that I have brought up to date.

No; they do not have a support program, but it cost more to support a program for beef cattle in 1953 than it did to support all the basic commodities put together. In 1953 it only cost, to support the basic commodities, $67,100,000. Relate that to beef cattle at $167 million. So that in 1 year it cost more to support the unlimited production of beef cattle by $100 million.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. OLIVER P. BOLTON. I wonder if the gentleman will explain what kind of support program that was for beef cattle at that time.

Mr. COOLEY. The loss on the sale of feed to cattle producers, $45,552,200. Loss on freight distribution and other costs of moving feed, $30,671,100.

The Government advanced money to 12 States; assisting the States in paying freight on hay into the States, $6,344,-500.

I shall skip over the other items and then go to this item. The Government purchased beef to the equivalent of 782,-000 head at a cost of $84,300,000. They are the items that I have listed as losses which would total up $166,870,800.

There are three items to which I wish to call attention. The Government has made production disaster loans, some of which were made to cattlemen, in the amount of $31,547,157.

There are two other items. The Government has made economic disaster loans, some of which were to cattlemen, in the amount of $25,801,940.

The Government has made livestock loans in the amount of $37,348,455.

Even with these loans we have invested in this program $261,568,352.

One other thought. The public has been led to believe that we are involved in some sort of a losing, giveaway game, and that the Government has sustained a loss of $6½ billion, when the fact is that every loan is secured by a valuable commodity, either food or fiber, that is needed by our people or by the people of the world somewhere. So it is not a loss. Cotton will keep for decades and decades, and we have never lost a dollar on it. We have made more than a quarter of a billion dollars on the cotton program alone, yet we hear people yelling their heads off about a great surplus.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Ohio.

Mr. OLIVER P. BOLTON. Going back to the cattle figures, the gentleman made a statement as to the amount of loss from the price-support program for cattle. Did not the gentleman mean to say that money had been spent as a sustaining factor in the cattle industry, most of which was due to the drought and for taking care of the tremendous damage, but it was not actually a price-support program except where the cattle were purchased by the Armed Forces? Is that not correct?

Mr. COOLEY. How can you justify spending more than a quarter of a billion dollars on cattle if you do not ultimately support the price of cattle? Of course, it was in fact a price-support program. I do not mean to say that somebody actuated by some impulses of humanity did not want to save the dairy herds or buy the cattle, but certainly this was a price-support program. It was not called a price-support program. It was a diversion program to hold up the prices, of course.

Mr. SIMPSON of Illinois. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. SIMPSON of Illinois. I understood the gentleman from North Carolina to say that the agricultural program had cost the country approximately $1 million a month since its inception.

Mr. COOLEY. No, the gentleman did not hear me say anything of the kind. I said that the program on the basics at 90 percent of parity through the 21 years had cost the taxpayers the measly sum of $1 million a year, according to Mr. Benson.

Mr. SIMPSON of Illinois. That is the figure I referred to. On the basis of the figure the gentleman gave, and I certainly hope he is right. I would like to know why the Commodity Credit Corporation had to come in here in a hurry and have their borrowing authority increased.

Mr. COOLEY. Does the gentleman want to know why?

Mr. SIMPSON of Illinois. Yes.

Mr. COOLEY. It is perfectly obvious here. We have increased the supplies of foods and fibers. We have now in nonrecourse loans 8 million bales of cotton. But now you hear a scream about the cotton. We have in the Commodity Credit Corporation inventories not even 1 week's supply of cotton for the American mills—1 week.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. POAGE. Let me answer the gentleman from Illinois at least to the extent of pointing out where these losses have occurred. They have occurred largely on commodities that were under variable or flexible or sliding supports, half a billion dollars on potatoes, $1 billion on eggs, $92 million on wool. There is where the losses have occurred, not on the basic commodities.

Mr. SIMPSON of Illinois. Then the losses of the Commodity Credit Corporation apparently have been on perishables that never were intended to be in the program in the first place. I would like to go a little further, if the gentleman will yield. I wish to repeat, if the losses the gentleman states are correct, and I hope they are, I still cannot understand why the Commodity Credit Corporation has had to have emergency increases in its borrowing authority.

Mr. COOLEY. I will explain that in this way. I pointed out that on the basic program, which involves the 90-percent price-support program, we have lost the negligible sum of $21 million in 21 years. The other losses continued up to date, and I am giving you accurate information, which Mr. Benson did not give us fully up to date at the time he testified—the losses on the overall program including the eggs, potatoes, and everything else, were only $1,100,000,000, but to date it is slightly more than $1,300,-000,000 on the whole business, the whole shebang, for 21 years, and that is cumulative losses.

Now, I want to relate that cumulative loss to the cumulative gain.

If you relate this $1,300,000,000 accumulated losses over 21 years to the accumulated gains in farm income—I mean that which the farmers received over and above what they would have received had we stayed at the level of 20 years ago—here is what it amounts to: Total net income from agriculture 1952–53 was $264,155,000,000. Now relate that to the little $1 billion that I was talking about. If such income had remained at the 1932 level, this total would have been only $69,652,000,000, or a difference of $194,503,000,000.

Let me move one step further. The accumulated increase in net income from agriculture from 1932 through 1953 is $13,599,000,000. The accumulated increase in national income overall was $236,011,000,000 for the same period. Now, move it up one step further. It shows you how negligible these losses are. Comparing 1953 with 1932, the net income from agriculture was 530 percent and the national income was 642 percent. Over the period from 1932 through 1953, the actual net income from agriculture totaled $264,155,000,000, or $194,503,-000,000 greater than the total would have been had net income from agriculture remained at the 1932 level.

Now, the national income during this 22-year period totaled $3,015,445,000,000, or $2,057,257,000,000 greater than it would have been had the income remained unchanged from the 1932 level during the 22 years. Now, when you relate the small loss to this accumulated national income, it becomes absolutely paltry and negligible.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. H. CARL ANDERSEN. I wish to back up the gentleman from North Carolina in his statement that the actual net realized losses on our 6 basic commodities during the 20-year period from October 17, 1933, to November 30, 1953, is as he has stated—$21 million through that period of time. The actual net realized losses, according to the Department of Agriculture itself, and I will refer you to volume I of our hearings this spring, are according to Mr. Benson's own Department, the actual net realized loss, on all price-support operations to date, that is, up to last November 30, 1953, $1,194,800,000. In other words, it cost a paltry $65 million a year on all commodities to keep our agricultural economy at a prosperous level.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. WHITTEN. The question was asked as to why we had to add to the borrowing authority of the Commodity Credit Corporation. The law provides, or contemplates, that the Commodity Credit Corporation sell its stocks. It authorizes the sale in foreign markets at

competitive prices. But we have been following a Government program, however, of largely holding our commodities off the world markets so far as offering them at competitive prices is concerned. That same law provides, if you do not sell them as the law authorizes, that each year you must take an inventory, and to the extent that you have supplies in inventory, but which you had not sold although the law authorizes such sale, you have to charge those commodities up against the total borrowing authority of the Commodity Credit Corporation and list as losses in reduction in estimated value. So it means that as they have commodities which you have on hand, and they are not selling, but which they have the authority to sell, to that extent you have to increase the borrowing authority to keep buying more as long as you keep what you already have and do not sell as the law authorizes you to sell.

Mr. COOLEY. The gentleman will agree with me, I am sure, that these abundant stocks of cotton and wheat have been accumulated in the last 2 years, is that not correct?

Mr. WHITTEN. That is right.

Mr. COOLEY. I think that every bale of cotton and every bushel of wheat may very well yet turn out to be a blessing to this Nation. I know when we entered upon World War II, we had almost 15 million bales of cotton in our carryover and now we will have about 7 million, if my information is accurate.

Mr. WHITTEN. The gentleman's point, if I may say so, is well taken. When we have an inventory of military materiel of something like $104 billion for national defense, and when we are providing about $40 billion annually for the support of the Air Force boys all over the world, and when we passed a bill here today providing $3½ billion additional for the foreign-aid program, it certainly is appropriate to say that it is shortsighted for this administration, or any other administration, to advocate the cutting of farm production down to what amounts to normal peacetime operation, which they would do and which these flexible support prices, they say, would force us to do, even more quickly.

Mr. MERRILL. What was the world price of wheat at the time we authorized the 100 million tons of wheat for Pakistan?

Mr. COOLEY. Unfortunately, I am not able to give the gentleman that information, but I am sure we will be able to furnish it to him a little later.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. COOLEY. Mr. Chairman, I yield myself 5 additional minutes.

Mr. MERRILL. Is it not true that the world price of wheat was roughly 50 cents a bushel lower than the price that the Commodity Credit Corporation was reimbursed for when we did reimburse it for that wheat which they gave to Pakistan?

Mr. COOLEY. I am wondering if some Member on that side may not be able to answer the gentleman's question. I am not sure what the price of wheat was.

Mr. AUGUST H. ANDRESEN. We will get that information for the gentleman.

Mr. MERRILL. Would not the gentleman agree that the loss sustained there should actually be considered as a part of the loss in the price-support program?

Mr. COOLEY. Oh, I agree with that thoroughly.

Mr. MERRILL. That is not included in the list that the gentleman has studied when he stated it was approximately similar a year ago?

Mr. COOLEY. No. I was referring to the losses accruing to the Commodity Credit Corporation on the price-support program alone. Of course, other commodities have gone into our foreign rehabilitation program, and similar programs, which probably are not accounted for in the figures I have given.

In this bill we are presenting, as I will show you, we are setting aside substantial quantities of all of these commodities which will probably ultimately be donated.

Now let me go to the bill before us. For the life of me I cannot understand why there has been so much talk about the bill we have before us. As the chairman of the committee pointed out a moment ago, when the administration appeared before our committee, they said they needed five separate things to go into this program. Those are listed on page 2530 of the hearings. My chairman will agree with me that No. 1 was to set aside some of the so-called burdensome stocks. We gave it to them in the very language they requested.

No. 2, Federal assistance to be given to increase exports. We included that in the bill we passed the other day.

I will skip over No. 3.

No. 4, that we go to modernized parity on January 1, 1956; and we included that also.

No. 5, they wanted to do something about diverted acreage, and when the Secretary appeared with his colleagues and assistants, they all agreed that he had all of the authority he wanted or needed to deal with the diverted acreage program.

Now I will come back to the one controversial proposition, No. 3; that for the basic commodities a change be made from price supports of rigid 90 percent of parity to price supports of 75 to 90 percent of parity, depending on supply. Those words, "depending upon supply," are involved in the sliding scale. That means that if your supply remains more abundant the price goes down. If you have scarcity of your commodity, the price will go up.

I do not want to be cruel about this or mean about it, but I believe that this is no time for fancy or fallacy or fraud, and the proposition submitted to us was fanciful, foolish, and fraudulent and fallacious, and I will tell you why. They propose to take 2½ billion of these commodities and put them aside, place them in storage, leave them there for an indefinite period of time, and then afflict yourself with some sort of amnesia or blindness and pretend you do not even have $2½ billion worth of commodities when you come to make your calculations.

When we asked them: Why did you make it exactly $2,500,000,000 worth of agricultural commodities? Why did you take 4 million bales of cotton and try to play hide and seek with it and set it aside and pretend you did not have it? They did that for one purpose, and that was to affect the parity-price calculations so as to bring the price-support program to approximately 90 percent of parity. That is in the evidence. Nobody will deny that. We even included that in our bill. But we did not do it for the purpose that influenced Mr. Benson; we did it because we thought that it was wise for us to have a normal and abundant carryover on cotton and wheat—both vital crops—and a carryover on other listed commodities.

Now, if the administration were presenting honest information to us regarding their intentions and their calculations, their determinations, we would receive 90 percent price support on these basics in 1955 anyway; so what are we fussing about? There is no great difference of opinion as to the effect of the provisions in our bill and the provisions which the administration wants. The only point of difference came in price supports. Secretary Benson was going to achieve 90 percent of parity by the set-aside but to guarantee it we wrote that provision in the bill. This is the administration's program in toto; but unfortunately some of these people in high places do not even realize that it is their program. Actually we have but one so-called controversial issue, and that should not be controversial because Secretary Benson said you would get 90 percent with the set-aside. We said, "All right, if we are going to get it anyhow we will underwrite it and guarantee it for 1 more year." That is what we did in this bill.

The committee reported this bill to the House. It is supported by all the members of our committee except two. It has Democratic and Republican support. Republican Members are as much interested in it as we.

There is nothing in the bill which is calculated to be a rebuff to the administration, nothing in it to insult Mr. Benson or the President's farm program.

We have given them the wool provisions which every Republican, I think, in the House voted against in 1949. I voted for it; I would vote for it now. It is the Brannan plan pure and simple, de luxe, 1954 model; that is what it is, and I am going to vote for it.

Here I would like to propound two questions in connection with the cost of the support program, and the effect of the program on the cost of living.

What did the Government do to assist business in reconverting from war to peacetime production? What was the cost to the Government of such aid?

First, Shortly after V–J Day over 300,000 contracts with a canceled commitment value of over $65 billion were terminated. According to the seventh report of the Director of War Mobiliza-

tion and Reconversion—July 1, 1946, page 15—the gross cost to the Government for settlement of these contracts was estimated at about $6.8 billion.

Second:

Section 124 of the Internal Revenue Code permitted a corporation to amortize any project covered by a necessity certificate over a 5-year period and the Presidential Proclamation of September 29, 1945, permitted the corporation to spread back the unamortized balance as of that date uniformly over the expired portion of the 5-year period. The consequent reduction in tax liabilities for prior taxable years was recouped by such corporations partly through cash refunds and partly through tax credits in the fiscal year 1946 for taxes due in the period following September 29, 1945. (Annual report of the Secretary of the Treasury for fiscal year ended June 30, 1946, p. 14.)

Third. In addition to the privately financed plant, mentioned above, a considerable number of Government-owned war plants were sold to business corporations at considerable reduction below cost. Through September 30, 1949, real property having a reported cost of about $3.9 billion had been sold by War Assets Administration and related agencies for a realization of about $1.25 billion based on quarterly progress reports. (War Assets, General Services Administration, third quarter, 1949, page 20, table IV.)

Fourth:

Under the provisions of section 722, which allows relief from excess-profits tax for corporations under certain circumstances, there have been filed as of the close of the year more than 51,000 applications for excess-profits tax reduction, totaling nearly $5.6 billion, of which 25,000 claims totaling $4.5 billion were still pending.

Carryback allowances of $471 million were made during the year under the quick-refund provisions of the Tax Adjustment Act of 1945. (Annual Report of the Secretary of the Treasury on the state of the finances, June 30, 1948, p. 134.)

My next question is, Has this program on the basic agricultural commodities increased the cost of living?

When the price of wheat went down the cost of bread went up. The farmers get only 2¼ cents for the total amount of wheat in a 16-cent loaf of bread. The price of wheat would have to be cut about 75 cents a bushel to reflect a 1-cent reduction in the cost of a loaf of bread.

There is only about 30 cents worth of cotton in a $3.95 cotton shirt. If the farmer gave away his wheat and cotton the consumers of America would receive very little, if any, relief.

The tobacco farmers in 1953 received about $800 million for the portion of their crop which was consumed in the United States, but consumers paid in Federal, State, and local taxes almost 3 times that amount—or $2,100,000,000. It really does not make much difference to the consumer whether the farmer receives 50 or 15 cents a pound for his tobacco since to all of these taxes must be added the cost of processing, manufacturing, transporting, and distributing the finished product to the consumers. The cost of the raw material is negligible. A 5-cent peanut candy bar contains about one-half cent worth of peanuts and if the farmers gave their peanuts to the confectioners absolutely free this would not change the price of the 5-cent candy bar.

I hope that you will look at this bill and read what I think is a very fine committee report, and that we will pass the bill, on a nonpartisan basis by a substantial vote.

The CHAIRMAN. The gentleman from North Carolina has consumed 37 minutes.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. KING].

Mr. KING of Pennsylvania. Mr. Chairman——

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield for a consent request?

Mr. KING of Pennsylvania. I yield.

Mr. WOLVERTON. Mr. Chairman, I ask unanimous consent to extend my remarks at the conclusion of the gentleman's remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KING of Pennsylvania. Mr. Chairman, since the minority——

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. KING of Pennsylvania. I yield.

Mr. COOLEY. I wish to yield 5 additional minutes to the gentleman.

Mr. KING of Pennsylvania. I thank the gentleman from North Carolina, but I was just going to ask him for 10 minutes.

Mr. COOLEY. Then I will make it 10 minutes.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. KING] is recognized for 20 minutes.

Mr. KING of Pennsylvania. Our Committee on Agriculture is composed of conscientious, hard-working men who, by reason of long experience with agricultural problems, have come to consider themselves specialists in dealing with farm problems. The committee members have pride in being old cowhands, hog callers, cornhuskers, wheat pitchers, and cottonpickers who have graduated from the fields of production into the field of politics.

I, myself, happen to be a graduate soup-greens grower, now representing the No. 1 dairy district of the No. 3 dairy State, Pennsylvania. I originally grew up in the wheat country of western Kansas. I think that the President would agree with me that western Kansas is a good place to be from.

Besides farmers, we do have on the committee enough lawyers to keep us confused, but every member has conscientiously tried to be a good representative of his district in the formulation of this bill.

After 2 years of exhaustive hearings and some weeks of daily executive sessions, out of the confusion has emerged a bill which solves no problems. After all the talk about the farm problem, it merely says there is no problem; we want more of the same thing.

Contrary to all of the glaring evidence of a very real problem, this bill continues rigid price supports, enlarges other production subsidies, and, by the device of setting up new criteria, forces higher supports on nonbasic crops under flexible supports.

And, by omission, this bill says that the Secretary shall not consider as a price factor the enormous accumulation of surpluses in Government hands, nor shall the Secretary protect nonsubsidized producers by limiting the use of acres diverted from the basic crops.

The authors of this bill have, in some parts of it, shown their ability at fiction writing—fiction which would lead you to believe that we can ignore $2½ billion worth of the surplus by merely calling it a set-aside.

What a subterfuge, just to accomplish higher support prices without telling you directly they are to be raised.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. KING of Pennsylvania. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. Does the gentleman have reference to the committee or to the Secretary of Agriculture?

Mr. KING of Pennsylvania. In this case I have reference to the action of the committee.

Mr. ABERNETHY. Would the gentleman include the Secretary as a member of that subterfuge since he also recommended this?

Mr. KING of Pennsylvania. Since I know the gentleman of the committee would like so much to be associated with the Secretary, I would permit that association.

Mr. ABERNETHY. I appreciate that.

Mr. KING of Pennsylvania. Anyone should know that $2½ billion worth of surpluses cannot be removed by set-aside as a depressing factor in the market and a deadweight in the balancing of our economy, unless it be set aside at the bottom of the sea.

But I like to be a realist, and so I would like to indicate the real nature of the problem by giving you some facts about surplus accumulations, the cost of their accumulation, and the constant cost of their storage.

SURPLUSES PILE UP

Taxpayers learned on March 31, this year, that they had invested $6,229 million in the accumulation of cotton, wheat, corn, tobacco, butter, cheese, dried milk, cottonseed oil, and other minor items. That was the last official figure, but a late check indicates that the figure has now reached $7 billion and is likely to go to $8 billion in picking up this year's production.

We are now holding a 2-year supply of wheat and facing another heavy harvest which starts this week. The holdings of tobacco would supply the 60 million cigarette smokers with 183 packs each. The cotton would make 117 shirts or 91 house dresses for every American family. The butter and cheese would give about 4 pounds for every man, woman, and child in the United States. And the cottonseed oil might be converted into a billion pounds of margarine.

Maybe you can get a better picture of these enormous surpluses if you know that it is costing in excess of $700,000 a

day just for storage. This storage cost may reach $1 million a day before the end of this year. And this figure does not include storage losses from decay and deterioration.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. KING of Pennsylvania. I yield to the gentleman from Missouri.

Mr. JONES of Missouri. Could the gentleman separate and show us the amount of production that was supported by flexible supports which are now advocated by the administration as contrasted with those supported at 90 percent.

Mr. KING of Pennsylvania. It can be done, but since we have just heard 20 minutes of presenting figures from your viewpoint, I would like to present them from my viewpoint.

COSTS OF FARM PRICE SUPPORTS

I know you will hear in this debate that the price-support program has cost only $1,110,000,000, for that is all that the CCC shows after concealing the real costs by crediting their accounts in full for all gifts and transfers under authority of other legislation.

In considering the costs of farm price supports, account should be taken of several other programs outside of CCC which have the primary purpose of stabilizing farm prices and income. The International Wheat Agreement has cost over $560 million. The program for removal of surplus commodities, $1,570,000,000; payments under the agriculture conservation program, $2,355,000,000; and other programs about $2 billion, after allowing for net gains of $296 million under the Sugar Act and $320 million from other support activities.

Now, since the Sugar Act was referred to, I would like to point out to you that the gain in the Sugar Act is pure fiction, too, when it comes to considering the cost to this country, because all of the costs in that subsidy are transmitted in the price of sugar at retail to the consumers.

The net cost of all these farm price and income stabilization programs, including loss on CCC price supports, had reached over $7½ billion by last June.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. KING of Pennsylvania. I yield to the gentleman from Ohio.

Mr. VORYS. Does the gentleman include $8.5 billion of surplus agricultural products that went abroad under foreign-aid programs in his calculation?

Mr. KING of Pennsylvania. This is a calculation of all those surplus removal programs; yes.

Of course, nobody knows how high this $7.5 billion loss has soared, but if we take into consideration the most certain loss on the present holdings in storage, the loss will probably exceed $11 billion.

In addition to all this, more than $700 million has been spent on the school-lunch program, perhaps a desirable thing, yet it must be admitted that the basic purpose of this program is to provide an outlet for surplus foods. The proponents of price supports have been so worried about the mounting accumulation of surpluses they resort to any scheme, good or bad, just to reduce the surpluses.

WHERE DOES THE MONEY COME FROM AND WHERE DOES IT GO?

I call your attention to page 5 of the committee report, which reads as follows:

> The committee presents a farm program to protect the income of farmers while comprehending the interests, the needs, and the security of all segments of the economy and of all our people.

On page 9, the committee continues, as follows:

> The committee deplores any tendency * * * toward a separation of the interests of the farmer and our great consuming populations of the cities. Their interests are one and the same.

In the light of this affirmation of comprehension of the interests of taxpayers and consumers, I would like to give you some information on where this price support money goes, to see if the interests are one and the same.

There may be some room for argument as to how much the price support and Government purchase programs have cost the taxpayer and there may be some little inaccuracy in determining where the tax money goes. But I am sure that all of you, who are interested in schemes for redistributing the wealth of the country, will be interested in considering the statement of the Commodity Stabilization Service giving the State by State distribution of loans made on 1952 crops, together with the statement of the Internal Revenue Service showing the State by State payment of Federal taxes.

As you know, the State of New York pays the most—amounting to 18.6 percent of the total for the Nation. New York State pays 20 times the Federal taxes paid by Kansas. But Kansas gets 154 times as much of this loan money. New York pays 20 times as much Federal tax as Iowa. But Iowa gets 100 times as much as New York State in the distribution of these loans. New York State pays 8 times the Federal taxes that North Carolina pays. But North Carolina gets 58 times as much of this loan money as does the State of New York.

Texas, with all of its millionaires, pays less than half as much Federal tax as is paid by Pennsylvania; but in the distribution of this Government bounty, Texas collects 75 times as much as Pennsylvania.

Some Minnesota Congressmen want this bill, and why not? Minnesota pays just about half the Federal taxes paid by New Jersey, but, in price support loans, gets over 90 times as much as New Jersey.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield for a brief question?

Mr. KING of Pennsylvania. I yield for a brief question.

Mr. H. CARL ANDERSEN. If it were not for the food that Minnesota produces New Jersey people would go hungry.

Mr. KING of Pennsylvania. New Jersey's total agricultural product is probably equivalent to that of Minnesota.

Mississippi has some ardent advocates of rigid supports, but you cannot blame them. Mississippi pays only one-fourteenth as much as Maryland in Federal taxes; but Mississippi takes 20 times as big a piece of this pie as Maryland.

North Carolina deserves second mention, for North Carolina pays less than a third of the taxes paid by Pennsylvania, but gets 75 times as much of this price-support money.

I dislike to point out to you the special interests of the various geographical sections of the country in this bill, because already in this House there is entirely too much voting based on sectional interests, but if there ever comes a time when Congressmen should be aware of the interests of their own district in a piece of legislation, it is now, during the consideration of this bill.

Another example will emphasize the point. Delaware pays 12 times as much tax as North Dakota and 11 times the tax of South Dakota. Yet, in distributing that part of the tax money which supports the farm-price program, North Dakota gets almost 80 times as much as Delaware, and South Dakota gets almost 60 times as much as Delaware. This is redistribution of wealth on a grand scale.

NOW, WHAT IS THE INTEREST OF CONSUMER AND TAXPAYER?

Farm legislation emerging from the Agriculture Committee has repeatedly provided for a farmer vote or so-called referendum to determine what the farmer wants from the Government. Such votes are touted as being ultra-democratic. Supposedly, freedom is preserved by giving a producer a choice between two methods of getting the Government to guarantee his own profitable security.

The real fact is that there is nothing democratic about the whole scheme. Giving farmers a choice as to which way they can get the most from the Government is nothing but a socialistic subterfuge. Real democracy would provide that consumers and taxpayers vote, along with the farmers, on these propositions. Real democracy would demand that all affected persons of the country be permitted to vote on the issue.

And how are consumers and general taxpayers affected by Government subsidy and guaranties to food producers? I need not restate the details as to how the general taxpayer in 20 years has dumped about $20 billion into the overall farm subsidy program. About half of this $20 billion is attributable to price supports and Government purchase programs. Do you not think that $1 billion a year in taxation is full justification for the right of the taxpayer to vote on these farm propositions?

And how about the consumer? I know that consumers have shown very little interest in this farm program because they do not understand what has been happening to them. Only in the last year or so, when butter accumulations began to get in the news, have they begun to comprehend what the price support and Government purchase programs mean to their food costs.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. KING of Pennsylvania. I yield to the gentleman from New York.

Mr. JAVITS. As I understand, the food bill of the consumer in the United States runs close to $50 billion a year. Can the gentleman give us any percentage as to what he thinks it would mean to the consumer if we did not have these high rigid farm supports and did have the flexible system?

Mr. KING of Pennsylvania. I am about to discuss that very point.

What the price-support program has cost consumers at the retail stores is beyond calculation. Since a free market has been completely destroyed on the basic crops, no one can determine what a free market would have produced as a price level at retail. But anyone with the slightest understanding of economics can be assured that Government purchase for hoarding has created an artificial price at retail which has cost consumers billions.

Yet, city Congressmen have in the past given heavy support to this program, not realizing the significance of it. Several of them have arisen on the floor of this House and, in effect, said that, even though farm production in their districts is limited to window boxes, they still wanted to go along with the program of gifts and profit guaranties to farmers.

Mr. JAVITS. If the gentleman will yield again, I would like to pin this down if we could. The price of butter is down, I understand, to 89 cents, which is a reduction of around 12 percent. Will the gentleman be able to tell us that America's food bill could be reduced say 12 percent if we had the flexible as against the rigid support system?

Mr. KING of Pennsylvania. I would not want to be a guesser on the matter.

Now, however, with the excesses of the farm program glaringly evident, these Congressmen are beginning to understand the interests of their constituents, for the very good reason that any working consumer can understand the consequences of the Government hoarding and withholding from the market 1 billion pounds of butter, cheese and dried milk.

FREE ENTERPRISE

I have not emphasized that the provisions of this bill are contrary to the principles of free enterprise. That should be self evident. But nowadays an affirmation of faith in the free-enterprise system brands one as a reactionary. So many people, lost in the maze of our big Government, believe a free market and the law of supply and demand are "something for the birds."

With many, the free play of price as an intelligent force in adjusting production to consumption has lost its significance, so they argue that it becomes necessary for the Government to fix prices and impose restrictions.

They say this is especially true in agriculture, so we must have this bill. Yet the proof is plain that agriculture is responsive to price. The price-supported lines have responded with enormous surpluses. Other lines have adjusted and maintained a satisfactory balance.

Examples are numerous if you study the history of poultry, eggs, hogs, fruits, and vegetables. Production in agriculture does respond to price. The free-enterprise system will work if we give it a chance. But we shall lose the free-enterprise system and all the liberties that go with it if we resort further to collective price fixing and political control of production and marketing.

Is there any wonder that the Communist Party in their latest official pronouncement of policy emphasized the importance of maintaining rigid price supports on farm products?

Now, mind you, I have no idea that any of the congressional supporters of this bill are even tinged with communism. But it is significant that the extension of rigid price supports fits perfectly into their openly declared purpose of socializing the American economy by first socializing the farm economy.

Their scheme of dragging down all people to a common economic level and masterminding both production and distribution from Washington embraces wholeheartedly the first section of this bill. If the Communists had written it, the specified level of supports might be higher and the coverage broader, but, in basic principle, it would be no different. Free enterprise they hate, but subsidies they love, knowing full well that, out of subsidies will eventually come the dictatorial controls they seek.

A few days back we made a feeble attempt to devise schemes for the disposal, by gift or otherwise, of the enormous surpluses we have accumulated. Then we were dealing with consequences. Today we are dealing with the cause. Our decision will be a fateful indicator of which economic road we shall travel in the future.

Mr. WOLVERTON. Mr. Chairman, it is most unfortunate that it has not been possible to find a middle ground between the contending forces as to price support for agricultural products.

The bill reported by the committee is a continuation for 1 year of the old program of 90 percent of parity for wheat, corn, cotton, rice, and peanuts. Tobacco's 90-percent program is continued by the bill. In reporting this bill the committee has set at naught the flexible support program advocated by Secretary of Agriculture Benson which was offered as the administration's plan.

I have been deeply impressed by the sincerity that has been shown by Secretary Benson. It is admitted that his plan may not be one that would necessarily get votes for our party among the farmers of the West and South, but, in all honesty it must be recognized as a sincere and thoughtful approach to a perplexing problem and a solution that is fair and equitable to all concerned, both farmers and consumers.

I am a great believer in the theory that in this country we all go up or we all go down together. Prosperity on the farm is necessary if we are to have prosperity in our cities. And, the reverse is equally true. The farmer does not live unto himself, nor does the worker in our mills, factories, and related activities live unto himself. We are all dependent on each other. Hence the necessity of solving the problems connected with each class of worker in our Nation in a manner that will not do injustice to one class in our effort to improve the status of another class.

This, I beleive is the basis of the approach that is being made by Secretary Benson on behalf of the administration in his so-called flexible parity program. He recognizes that high prices for the basic food products maintained by artificial means can be harmful to consumers if maintained at too high a price. Hence he seeks to remove the rigidity of the present law in order that it might operate in a more natural and normal manner to the end that the farmer shall get a fair price for his commodity and the consumers not be required to pay a price that would be distressingly high.

Another feature that should be given serious consideration relates to the surpluses that have resulted in those commodities for which a 90-percent parity level is provided by law. It is surprising that the commodities that are in greatest trouble today are those for which price support at a rigid 90 percent of parity level is provided. Of the $6¼ billion CCC investment, more than $5 billion is tied up in wheat, cotton, corn, and dairy products. Whatever else may be said about surpluses, they are not good for farm incomes.

Currently the Commodity Credit Corporation has an investment of $6½ billion in price-support programs, the major portion of which is tied up in wheat, corn, and cotton. CCC had an investment of $1½ billion in the fall of 1952, $3½ billion in the fall of 1953, and in the fall of 1954 will probably have substantially in excess of $7 billion, perhaps as much as $8 billion.

The following table gives the investment by commodities as of March 1, 1954, and the amount invested in each:

Cotton, 8,400,000 bales	$1,370,000,000
Wheat, 915 million bushels	2,195,000,000
Corn, 763 million bushels	1,224,000,000
Dairy products, 1,114,000,000 pounds	410,000,000
Cottonseed oil, 1,022,000,000 pounds	185,000,000
Tobacco, 647 million pounds	284,000,000
Other	584,000,000
Total	6,252,000,000

The costs of storing the farm products in which CCC has an investment are currently running $700,000 a day. Nobody has even estimated the daily cost resulting from deterioration of quality of products in storage. And the unfortunate part of the whole thing is that nobody has any really good idea about what we ought to do with these stocks. We do not dare feed them back into the market because of the impact they would have on current marketing. In desperation we are grasping at straws, we give them away and exchange them for foreign currencies. These are but costly measures of desperation aimed at trying to alleviate the crushing effect of the surpluses created by price-fixing in agriculture.

Fixed-level price supports may not have been the only factor contributing to the accumulation of surplus stocks, but it has been a factor, and a major factor. And it will continue to be a

major factor in the future if such supports are continued.

The extension of rigid supports is against the overwhelming weight of sound opinion. Every Secretary of Agriculture for over 20 years has recommended flexible price supports. The major farm organizations, representing the vast majority of farmers, have for the most part rejected rigid price supports as being unsound, both from the standpoint of the farmer and his customers, the consumers. Economists are virtually unanimous in their viewpoint that rigid price supports are harmful in the long run to the best interests of farmers. The intensive long-term study of experts in the Department of Agriculture in 1947 and 1948 resulted in reports to the Congress that clearly set forth why rigid wartime supports designed to encourage superabundance for war would be unsound for a peacetime economy. The basic fundamental reason is that rigid supports allocate more money, manpower, equipment, land, and other resources to agricultural production than consumers are willing to pay for.

Briefly, we have in this country at this time the largest surpluses in history that are, first, costing the Government unthinkable sums of money; second, hanging over the domestic and world markets so heavily that they do not actually support prices to farmers; third, creating fear among our allies that this country may suddenly dump them upon world markets and destroy them; and fourth, causing both the sound and unsound parts of the farm program to be brought into such disrepute as to raise serious doubts as to the feasibility of continuing it.

The attitude of the farmers located in the First Congressional District of New Jersey has been made plain to me in several ways. Letters, telegrams, and telephone messages from farm organizations, farm leaders, and individual farmers have impressed upon me the desire to have the flexible plan of Secretary Benson enacted into law. As evidence of the thoughtful consideration that has been given to the matter by our farmers through their farm organizations, I call attention to the letter I have received from Herbert W. Voorhees, president of the New Jersey Farm Bureau, expressing the views of that organization with reference to the pending bill, H. R. 9680. It reads as follows:

NEW JERSEY FARM BUREAU,
Trenton, N. J., June 28, 1954.

Re farm price supports in H. R. 9680.

Hon. CHARLES A. WOLVERTON,
Washington, D. C.

DEAR CONGRESSMAN WOLVERTON: We know that you are interested in the opinion of New Jersey farmers on the important question of the level of farm price supports. This issue is before you now in H. R. 9680 (sec. 101).

New Jersey farmers are in favor of flexible price supports. This position was taken by the voting delegates at our annual meeting last November. A copy of the resolution developed by the delegates is enclosed. The first paragraph of this resolution summarizes the feeling against high, rigid supports—"high, fixed farm price supports on the basic commodities have encouraged uneconomic production, caused very large expenditure of tax funds, and required the imposition of arbitrary production controls on agricultural production."

You will recall that this position was stated at our annual congressional get-together at the Congressional Hotel on February 4, 1954. At that time there were over 100 farmers representing their county boards of agriculture. As you know, the county boards are the county units of New Jersey Farm Bureau, and the New Jersey Farm Bureau is part of the American Farm Bureau Federation. The American Farm Bureau Federation includes 48 State farm bureaus and the Puerto Rican Farm Bureau. There are more than 1,500,000 farm families in the American Farm Bureau Federation.

The policies of the State and National organizations were started in the communities and counties and developed through local meetings where farmers got together to decide. Each farm family which is a member had a chance to voice its opinion and vote on policy. Across America 597,985 people attended 23,299 meetings and formed the policy of the American Farm Bureau. The enclosed New Jersey resolution was taken to the American meeting and was a factor in developing the AFBF position on price supports.

Briefly, we oppose any extension at all of 90 percent farm price supports because—

1. High, rigid supports guarantee agricultural surpluses.

2. It is not economically sound for farmers to continue to produce for Government storage. They must produce for consumer demand.

3. Nationally the six basic crops only make up 23 percent of the cash farm receipts. In New Jersey they only make up 2 percent.

4. Controls—marketing quotas, allotments, permits, etc.—are inevitable with too much production.

We strongly urge your support in preventing any extension on any conditions of the 90 percent levels of farm price supports.

Sincerely yours,

HERBERT W. VOORHEES,
President.

I have endeavored to frankly set forth my views in this important matter. I shall vote in favor of the flexible plan of Secretary Benson.

I am grateful to the constituents from my congressional district who have communicated to me their views and thereby assisted me in arriving at a decision which I believe is right and just.

Mr. COOLEY. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, there is a very widespread feeling that the losses which our Government may have sustained on agricultural price-support programs have resulted from losses on the basic storable commodities. I do not know how that feeling got abroad because it simply is not true. I think the average man on the street to whom you may talk has in mind, when he thinks of the cost of the farm program, some kind of losses on wheat, cotton, corn, rice, peanuts, or tobacco. But as was so ably pointed out by my distinguished colleague, the gentleman from North Carolina, the total cost of price supports on all 6 of these commodities up until the 1st of this year, only amounted to approximately $1 million a year for each of the past 21 years. At the same time, we have been sustaining tremendous losses on some commodities, many of which have been under flexible supports. We lost nearly a half billion dollars on potatoes. During at least 2 years of that time, they were on a flexible basis. In other words, the Secretary had the right to support them from 60 percent to 90 percent of parity—and he put them down as 60 percent—and we continued to lose. However, we have lost around one hundred and eighty million on eggs. We have lost on poultry. We have lost a very substantial amount, and we are still losing every day a very substantial amount on butter and dairy products. These losses have nothing to do with 90 percent supports because these commodities are on a flexible system right now. I am not theorizing about something—I am talking about what is happening right now. We are trying a flexible program and we are trying the 90 percent of parity fixed program and we are losing in 1 month as much on the flexible program as we have lost on the basic commodities during the 21-year period. Now I just wonder how simple people can be. I wonder just how ridiculous people can get when they come along and suggest that we abandon a program which is working as well as our basic commodity program has been working, and suggest that we should adopt in its place a program which over the years has lost dozens of times as much as the basic program, and that we should adopt a program which right today is losing many, many times more money than the basic commodity programs are losing.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. YATES. The gentleman said that dairy products were under the flexible program.

Mr. POAGE. I did.

Mr. YATES. Is there a change from that program in this bill?

Mr. POAGE. No, there is not, except that this bill keeps the minimum support on dairy products 5 percent higher for 1 year.

Mr. YATES. Why is there not a change if they suffered so many losses?

Mr. POAGE. Let me explain what the change is. This bill lifts the floor below which the Secretary may not set the support price up to 80 percent instead of the present 75 percent of parity. The reason we did not put dairy products under the same program as we put the basics is that we do not know of any way of controlling the production of storing dairy products as we do in the case of the basic commodities.

Mr. HERLONG. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. HERLONG. If we are losing at 75 percent, are we not going to lose more at 80 percent?

Mr. POAGE. I do not think so. We were losing less at 90 percent than we are losing today at 75 percent.

Mr. HERLONG. Is not the reason that we are completing the June production month, which is the highest production month of the year?

Mr. POAGE. I think that has unquestionably a bearing on it. But in many, if not in all, instances when we

have reduced the support price in the past we have seen the cost to the Government go up. I know that sounds unreasonable, but I think I can explain how it happens. For 8 years we supported the price of potatoes, 6 years at 90 percent of parity and the last 2 years at 60 percent of parity. During those 6 years at 90 percent of parity we lost on an average of $67,829,000 a year on potatoes. Then we adopted the 60 percent of parity support on potatoes and we lost on an average during those 2 years $76,107,000 a year, or $10 million a year more on the average than when we were supporting potatoes at 90 percent.

Mr. YATES. When you say we lost more, do you mean this was cost to the taxpayers?

Mr. POAGE. Yes. This was cost to the taxpayers.

Mr. YATES. May I ask another question? In 1949, because of this possibility the gentleman from Georgia [Mr. PACE], who is recognized as one of the outstanding experts on agriculture, proposed a system of production payments on perishables. Why is not Mr. PACE's suggestion incorporated in this bill?

Mr. POAGE. It is incorporated in the bill in two instances.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. COOLEY. I was just going to point out that exact provision with regard to wool is in this bill, and also the payments authorized now on dairy products.

Mr. YATES. But the payments for dairy products are not comparable to those provided for wool, are they?

Mr. COOLEY. It authorizes exactly the same thing.

Mr. YATES. But is it not mandatory in one case and discretionary in the other?

Mr. COOLEY. I think so.

Mr. YATES. In the case of dairy products it is discretionary with the Secretary, and in the case of wool it is mandatory.

Mr. COOLEY. The reason that prompted us to put it in this dairy section was because of the tremendous surplus problem involved, and to help expedite the disposition of accumulated surpluses.

Mr. YATES. Is there a fixed price support for dairy products contained in this bill?

Mr. COOLEY. Yes.

Mr. POAGE. There is, beginning on September 1, this year. The floor below which the support price on dairy products cannot drop will be enough to bring to the producer 80 percent of parity. It had been 90 percent prior to the 1st of April at which time Secretary Benson reduced it to 75 percent. I think the cut was certainly too severe or too great at one time. So our committee said to the Secretary, "During the next marketing year you must support the price of dairy products at 80 percent, but," we also said, "You do not have to support it by purchases as you have been doing in the past; you can support it by incentive payments." So, as far as the consumer is concerned, if the Secretary uses the authority that is given, there will be no increase in price to the consumer, but the producer will receive a price that will give him 80 percent, or he will receive a payment which will bring his return up to that figure.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. YATES. Why was the requirement made mandatory in one case and discretionary in the other? Why mandatory in the case of wool and discretionary in the case of dairy products?

Mr. POAGE. For a very practical reason. The administration was very anxious to get a mandatory support on wool; the committee was trying to report a bill which the administration would approve, so we put the wool section in exactly the words that the Eisenhower administration asked, and those happen to be the words of Charlie Brannan. The administration lifted the provisions of the Brannan plan—almost verbatim from the wool bill that we brought to the House when we were meeting in the caucus room in the Old House Office Building some years ago.

The wool section of this bill is the Brannan proposal and the dairy section in this bill is a permissive Brannan proposal.

Mr. YATES. If the gentleman will yield further, is the gentleman saying that Secretary of Agriculture Benson is requesting the Brannan plan for wool?

Mr. POAGE. That is exactly what the gentleman is saying.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. GAVIN. I wonder if the gentleman would repeat the losses on potatoes again?

Mr. POAGE. The losses during the 6 years when supports were 90 percent of parity were $67,829,000 per year. During the 2 years when supports were only 60 percent of parity the losses were $76,107,000 per year.

Mr. GAVIN. I think the gentleman will recall that at that time we had mountains of potatoes, that we were destroying potatoes and feeding them to the hogs. Is not that right?

Mr. POAGE. I might say that they were hills while supports were 90 percent; they became mountains when we dropped the support to 60 percent.

Mr. GAVIN. After we took off the support prices we saw pictures and read articles about potatoes; so we removed the support prices on potatoes and we have not had any peace from the American public since, yet it saved them considerable money and brought back a free market. So it proves consistently that these subsidy programs in building up these tremendous surpluses are not practical, do not make good sound commonsense; and I am glad the gentleman brought up the matter of the loss on potatoes, because we are not taking losses on potatoes now that they have got back on a free market.

Mr. MARSHALL. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I am sorry I cannot yield further; I want to discuss some other phases of this program which cannot but arouse the curiosity of the Members.

The gentleman from Pennsylvania has proven clearly that we got along better with the potato program when we had 90 percent parity prices than when we cut it back to 60 percent. I think that portion of Mr. Benson's suggestion is all wrong when he intimates that you can control production simply by lowering the support price. Maybe that is the way it is supposed to work out in theory, but in practice it does not come out that way. It has been my experience that if a cotton farmer, for instance, knew that he was going to get only 15 cents for next year's crop when he had been getting 30 cents, he would try every way he could to grow twice as much cotton, unless prohibited by law from growing it. Apparently, that is a lesson Secretary Benson has yet to learn. To reduce prices just aggravates the production situation in a one cash-crop area; at least until you have bankrupted a large part of the farmers. That has been the history of this Nation.

Those of you from the cotton country will recall that we grew our largest crop in 1937 when we had a support price of only 53 percent of parity. In the face of history is there anybody who believes we can reduce production of cotton, at least the first year, by cutting the support price to 75 percent of parity? Remember, we grew our largest crop of cotton at 53 percent of parity. As a matter of fact, the philosophy does not work out like some of the planners have said it would work. Farmers try to make a living for their families in the only way which is available to them, that is, by growing something to sell. The farmer doesn't figure all of the costs like the manufacturer does, and even when it looks hopeless, so hopeless that no one else would spend a dollar, the farmer will try to grow a crop, always hoping that he will hit a bumper year. Mr. Benson's program will, of course, bring about a reduction in time, but so did the old system of no supports. They are both effective after they have bankrupted enough farmers.

Another mystery about this matter has been the different and inconsistent positions of the President. I recall that it has been but 2 years ago when the man who is now President of the United States was speaking at Brookings, S. Dak., at which time he made the following statement:

> The Republican Party is pledged to the sustaining of a 90 percent parity price support, and it is pledged even more than that, to helping the farmer obtain his full parity—100 percent of parity—with the guarantee and the price supports of 90 percent.

Those were the words of President Eisenhower. Now we are told that this same President for some reason or other now feels that our farmers should have only 75 percent support. He said at that time, "a guarantee of 90 percent."

We would like to carry out that pledge. It was also in the Democratic platform.

But nobody has commented on that because everyone evidently expected the Democrats to carry out their platform, and they are doing it. There was not one Democratic vote on this committee against the pending bill. There has been a carrying out of that pledge on one side of this House, and I am proud of it. There has also been a carrying out of that pledge by some individuals on the other side of the aisle, and I want to pay my respects to those courageous, those farsighted individuals on the Republican side who have done what President Eisenhower pledged that he and they would do. We are going to do just that when we vote upon this bill.

It is quite mystifying to figure out how some of these changes of position are going to be explained. But there is a whole lot about this situation that is hard to explain. It is hard to explain why the present Secretary of Agriculture is so determined that all of the basic commodities shall be reduced 75 percent except on tobacco. I have no objection to giving tobacco growers 90 percent of parity. I think they ought to have it. I think any commodity that is storable should have 90 percent supports where producers will keep their production in line with demand and I am for 90 percent of parity on tobacco. But it is passingly strange to recall that Secretary Benson sent a message to this House recommending that we pay not 75 percent but 90 percent of parity on a crop of tobacco grown down here in Maryland the year before; and to make the payment in spite of the fact that the producers had voted against quotas. He did not even ask that the tobacco producers comply with the quota program. I am for the tobacco producers or anybody else when they comply with production controls. Secretary Benson is against 90 percent supports for cotton or wheat even when the producers accept every control, but he is ready to give tobacco 90 percent support without any controls.

I suggest that the next speaker explain why the Secretary of Agriculture is so anxious to pay 90 percent of parity to tobacco producers who have voted down quotas and why at the same time he refuses to pay 90 percent of parity to cotton, corn and wheat producers who have voted for quotas. I think it is more than just another passing coincidence.

I do not think it necessary to comment further on the wool situation which has been mentioned. It is another strange situation. I am in favor of giving the wool people support. Certainly they ought to have it. But we ought to be frank about it, we ought to tell the people of America what we are doing; that we are probably giving wool 110 percent of parity. That is said to be necessary in order to get the amount of wool produced that we need in the United States. We do not produce all of the wool we consume. We are, therefore, probably justified in supporting wool at a price considerably over parity. We are going to achieve this support through the Brannan Plan, and I think we are going to get good results, but let us be frank about it and not try to use any of the wool to pull over our own or the public's eyes.

Another strange and remarkable situation is the set-aside program that has been mentioned. The gentleman from North Carolina pointed out some of the peculiarities of this set-aside program. It is simply a "hide away," "fool yourself" program. You do not fool anybody else. When we set aside 2½ million bales of cotton or 400 million bushels of wheat, we have not fooled anybody unless we fool ourselves. The commodities are there and they are going to depress the market.

The United States Government is going to be the biggest loser, because the United States Government has more commodities in its possession than anybody else. And, when you depress the commodity market, you destroy the value of the things the United States Government owns and take money out of the taxpayers' pockets. Of course, you keep right on paying storage. There is no reduction in the costs to the taxpayer, but the Secretary comes up and suggests that we fool ourselves; that we should set these commodities aside and not take them into consideration in calculating the support price at which we will support these commodities in the future.

Then he tells us, as has already been brought out, "If you take this set-aside, boys, you will get 90-percent support even under my flexible plan." Oh, I think he said 89 percent for your cotton. "You will be assured of that much, and you will get practically all you are asking for, but we are doing it in a devious, roundabout way rather than in a frank, open way." I do not like those devious methods. I had rather go on down the road and let everybody see where I am going. I think 90 percent is fair and I am for it. If I felt that 90-percent supports were immoral I would oppose them whether they were obtained directly or indirectly. But, this willingness to do indirectly what he says is wrong if done directly is another one of those devious things about the Secretary's program that I do not understand.

Now, this bill contains set-asides; sure it contains them. I do not want anybody here to think that the members of our committee who voted for the bill did not know that this was merely a face-saving device. But, we have gone a long, long way to try to let the President and to try to let the Secretary save their faces. We have given them five-sixths of all they asked. We have tried to let them come around in the back door and save face, and that is all there is to this set-aside, the proposition of saying, "Boys, we are willing for you to get 90 percent, but we do not want to admit that it is right." If the administration is going to give us 90 percent, and the Secretary said he would, with this set-aside, we ought to have it in the open. If it is right, let us have it. If it is wrong, don't approve a scheme to cover up the wrong.

We have heard a lot of talk about principle in connection with the farm price support program. I have listened to some very tear-jerking radio reports about "How I stand above my petty politics" and "I base my stand on principle. So, I am for 75 percent, because it would be wrong in principle to get 90."

Now, let us be sensible. What is the difference in principle between 90 and 75? It is merely a question of arithmetic. There is no principle involved, and every intelligent Member of this House and every intelligent citizen of America knows it. There is no principle involved in the choice of figures. It is hog wash to tell the American people that we are talking about principle. We are talking about a figure—whether it be 90 percent or 75 percent. I think that is a sound principle to give to the American farmer support when he cooperates and controls his production. I think that is a principle, and I am for that principle. Now, we can argue about what the level of support should be, but that is not arguing principle; that is merely arguing about details. And, the president of the United States knows it, and I think most of the people of the United States know it. So, let us not fool ourselves that we have any great debate here about principle. We simply have a debate about the practicalities of maintaining a sound farm program. There can be honest differences about what is the most desirable from a practical standpoint but do not let us try to take a "holier than thou" attitude.

Of course, the question of maintaining a sound farm program is the question of maintaining a sound economy, because there never has been a time in all of the economic history of America when we allowed the average price of farm products to drop as low as 75 percent of parity that we did not suffer a widespread and a devastating depression, throwing millions of American working men out of work, breaking thousands of small businesses all over this country, and destroying profits and the accumulations of wealth of generations.

Now, are we going to deliberately engage in a program which throughout all our history has resulted in wreck and ruin to the man in the town as well as the man on the farm? Are we going to invite that sort of thing simply to enable somebody to save face? Are we going to be so simple that we will be led into accepting some kind of shibboleth, some kind of tag or banner or some kind of slogan and say, "Oh, we want a flexible scale; we want a sliding scale which will slide right out from under you every time you need it, Mr. Farmer; but we are willing to do all these things and add to the problems of the taxpayers, add to the problems of the workingman who is looking for a job, add to the problems of the little-business man who is seeking customers and somebody who has got some money to spend with him"? Are we willing to take all of that away in order to enable the present administration simply to save face?

The opponents of this bill, that is, the opponents of 90 percent of parity supports, like to speak of the present program as being "rigid" and of their program as being "flexible." This is just another instance of trying to condemn

a good program with a name. Our 90-percent program is not "rigid." It has all the flexibility that a program should have. It is, of course, based on parity; parity goes up and down. It goes down when the general price level goes down, and our price supports go down when farmers' costs go down, but if the general price level goes up so does our 90 percent of parity supports.

I submit that is only fair. This bill is fair. It continues the program and the only program which has ever given effective support to the farmers of this country. It continues, at least for the time being, the program which has enabled so many farm homes to enjoy at least a few conveniences which once were thought of as belonging exclusively to city people. It continues the program which has enabled our farmers to provide the greatest market for industrial goods that the world has ever known. It continues the program of American economic progress. It does not go nearly as far as it ought to go, but at least it doesn't turn the clock back 21 years.

If we do not pass this bill, if we allow the Secretary of Agriculture to pull the rug out from under the farmer, we are going to find a lot of rugs being pulled off the floors of city homes by finance companies.

I want to congratulate that substantial group of Republican Members of this House, and particularly the 7 to 1 majority of the Republican members of the Agriculture Committee who, despite political pressure and abuse, are standing fast in behalf of the constituents they represent, and who are keeping the promises they and their candidate made to the people in the last election. They are indeed maintaining principle.

Mr. HILL. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. DAGUE].

Mr. DAGUE. Mr. Chairman, I am opposed to the first section of this bill. I favor a gradual adjustment to a flexible program.

Mr. Chairman, in announcing my opposition to the pending bill, I am moved to emphasize my considered opinion that the constructive features of the measure are completely overshadowed by the provision which continues support at 90 percent of parity throughout 1955, and thereby clearly ignores the public clamor for the abandonment of a rigid program which has resulted in depressed prices to the farmer without corresponding benefit to the consumer.

A reasonable case could probably be made for 90-percent support for basics if it could be shown that farm prices had been kept at a reasonably high level, but the record will reveal that the income of the farmer has declined some 16 points in the past 3 years, whereas the retail price of farm commodities has remained fairly stable—a situation which leads to the logical conclusion that about all we have done has been to stabilize the middleman's profit.

There are 2 considerations which clearly constitute an indictment of the 90-percent program, namely, first, that income from the basics—wheat, corn, cotton, tobacco, rice, and peanuts—has made up on the average only around 23 percent of farm income; and, second, that the commodity price of such products has never been above 100 percent of parity except when stimulated by the demands of war. In other words, most of the farmer's income has been derived from products which have no props whatsoever, and his income from the supported items has been impressive only during those periods when a lot of good Americans were being killed on foreign battlefields.

A telling indictment of rigid supports can also be had in the fact that hog prices have held fairly steady around 120 percent of parity, and poultry products have stood at 110 percent of parity, with some normal seasonal fluctuation, of course, but without benefit of the direct aid from the Government which is accorded those items on the rigid list.

I might say, in passing, that there seems to be an inclination among my colleagues in the Committee on Agriculture to dismiss or ignore the fact that Pennsylvania is a great agricultural State and that, by and large, our stature in the field of agriculture has been maintained with but little reliance on Government incentives. Indeed, my own district—consisting of Lancaster and Chester Counties—is the leading agricultural area east of the Mississippi River and the leading nonirrigated agricultural area in the United States; and our preeminence is emphasized by our leadership in two commodities in particular, namely, tobacco and mushrooms, in which we lead the entire Nation, and in both cases without the benefit of Government subsidies. In the case of tobacco, the growers in Lancaster County vote down quotas each year—in 1953 by the ratio of 3 to 1—and I am persuaded that our hard-working people have set an example in free enterprise for other sections to follow if they can only be weaned from the regimentation which their lack of initiative and failure to diversify have brought upon them.

There is, of course, an attempt to prove that the 12,000 farms in the Ninth Pennsylvania District have benefited from the rigid supports that have been maintained under crops in other localities, but it will take but few arguments to prove that the contrary is the case. As producers of large quantities of fluid milk and poultry products we have had to pay an inflated price for processed feeds, whereas the end products of our industry have had to compete in a free market, the latter situation being, of course, as we would have it. In a similarly striking example we have seen our small wheat growers placed under the most irksome regulations simply because the commercial wheat States have elected to accept acreage restrictions, which in turn become binding on those farmers in Pennsylvania who have rejected the entire socialistic philosophy of selling to the Government instead of in the market place.

When Secretary of Agriculture Ezra Taft Benson was before our committee testifying in favor of a flexible program, I was one of the very few who took the occasion to commend him for his forthright approach to the vexing problem presently confronting us and at the same time to assure him of my support in the committee and on the floor of this House. My contributions toward the preparation of the bill now before you were admittedly limited since my position in opposition to rigid supports was registered as one of the eight who voted against extending 90-percent supports for 1 year and finally as 1 of the 2 who voted against reporting the bill to the House.

While it is true that my position has consistently been in favor of a flexible program—I voted against the extension of the 90-percent level in 1952—I have been greatly encouraged by the fine leadership we have had from both President Eisenhower and Secretary Benson in their undeviating and uncompromising stand against the continuation of the agriculture fallacy which would be prolonged if section I of the pending bill were adopted in its present form.

I can state quite frankly that I am in favor of a completely flexible program which will authorize the Secretary to set the support level at the figure he thinks will be consistent with our domestic and foreign needs in relation to the anticipated supply. And I favor putting such a program into operation in 1955. Out of deference, however, to the spirit of compromise which is inherent in our democratic processes and taking into account the President's concession to a gradual reduction from the present high level, I am willing to lend my support to a graduated program which will set the level at 85 percent for 1955 with a drop of 5 percent each year until we have reached 75 percent, after which the completely flexible program of 75 to 90 will come into full operation. And I am sure that the American public will not be dissuaded from the opinion that continuing 90-percent support for 1955 constitutes anything more than a political maneuver on the part of those who feel sure that when the 84th Congress assembles in January they will have another try at making the 90-percent program permanent.

In setting forth my deep appreciation of the encouragement I have had in the leadership given us in this fight by our able Secretary of Agriculture, I would not for one minute want to convey the idea that I do not respect my colleagues in the Committee on Agriculture who with great vigor and unquestioned conviction have worked to keep in being a program which they feel has benefited their respective areas, even if at the expense of the Nation as a whole. And I have been in this House long enough to interpret the designation "Representative" as meaning exactly what that term implies—full responsibility to represent the views of the majority of our constituents in our support of pending legislation. Certainly I am trying to do just that, and I would be less than honest were I not to accord my colleagues full credit for reflecting the views of the people who have sent them to sit in this Congress. And certainly I get no satisfaction out of taking a position on this subject at variance with that of my esteemed chairman, the gentleman from

Kansas [Mr. HOPE], and my highly regarded friend, the ranking minority Member, the gentleman from North Carolina [Mr. COOLEY], even though I think their policy of rigid supports is unrealistic, to say the least.

The need for a strong and healthy agriculture in this country was never greater, since the direction our farm economy takes may well be the direction toward which our entire free-enterprise system will turn. We have tried a system of rigid controls and a form of regimentation with its penalties and its frustrations, and we now know that it can only result ultimately in the socialization of this basic industry. We saw our stalwart forebears throw off the regimentation that a British tyrant attempted to impose upon them, and we fought a bloody war within our Union to excise human bondage as a cancer upon the vitals of a people who were pledged to remain free. The issue we are deciding today is just as clear cut, and we can either return to the uncontrolled system that has made us great or we can continue along the present road which leads to the brink of the abyss at the bottom of which lies the wreckage of every socialistic system that has come to curse the human race throughout its long struggle for survival. In the spirit of those who have sacrificed so much to keep us free, let us again reject these encroachments upon the freedom of our people. Let us reinstate the farmer in his traditional place in our competitive system with the assurance that he will always have that protection against disaster that every other segment of our economy enjoys.

Mr. HILL. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I wonder at this time if it would not be a good idea to talk exactly on the bill for a few moments. But before I talk on the measure itself I would like to read a wire from the National Grange, one of the soundest and most highly respected farm organizations in the United States.

WASHINGTON, D. C., *June 29, 1954.*

Hon. WILLIAM S. HILL,
House Office Building,
Washington, D. C.:

Since high level versus flexible supports are not the heart of the farm problem, National Grange solicits your support of Agricultural Act of 1954 as constructive measure pointing direction toward sound commodity-by-commodity solution with expanding recognition of competitive price mechanisms, while cushioning farm-price problem until new measures become operative.

HERSCHEL D. NEWSOM,
Master, the National Grange.

I am sure it is the first line of that that is the important line.

Before I go further, let me say that I think we should not only commend our chairman, the gentleman from Kansas [Mr. HOPE], which has been done on the floor this afternoon already, as one of the great chairmen in the present Congress, but I think we might also pay a compliment to the excellent cooperation we have had in our committee from the minority side. Regardless of all talk to the contrary, we have 30 members on our committee and these 30 members come from almost every section of the United States, from Maine to California. I think 1 or 2 of them have 2, Texas, of course, being 1, and there being 1 other State, Pennsylvania.

So the bill comes to this floor, as I hope you understand, by a majority. The fact of the matter is that only 2 members out of the 30 who were present voted against the measure. I say that not because that is anything strange, but there is something very important about it. If I had the time I would like to discuss the men who make up this committee with which I have had the privilege of working for more than 12 years. It is a wonderful thing to be on a committee where the men are trying to do a real job. There is not a single man on our committee that is not just as conscientious as he can be. I frankly confess to you that I do not appreciate, and I am sure none of our committee does, being pressured to do this, that, or the other that we know, in the end, will destroy any resemblance to a farm program. We do not have that kind of men on our committee. Such men are very seldom, if ever, elected to this House.

I am pleased at the number of men and women, too, who are elected to this House who stand against the most terrific pressures and do not yield a single inch. I say frankly to you that I am glad to be a member of the committee that has tried its best to bring you a good bill. We have worked night and day and traveled, as our chairman said, over 20,000 miles, listened to everyone and, strange as it may seem—and it is strange, too—not a single meeting did we have at which any of the members of our committee asked questions of witnesses. They were permitted to make their statements without interruption. Few committees of the House can match that. We said to them, "You just tell this committee and tell us in your own language what you think should be the program for the farmers of this country, of this Nation of ours."

Thirty years ago Secretary of Agriculture Henry Cantwell Wallace wrote in his book, Our Debt and Duty to the Farmer:

In practice it is impossible for the farmers of the Wheat Belt all at once to set up a system of diversified agriculture. Climatic conditions limit the crops that may be grown at a profit. The farms are equipped primarily for wheat growing. * * *

The transformation of a one-crop region into a region of diversified agriculture is an evolutionary process, the result of the gradual accumulation of experience and capital. It is not an evolution that can be hastened very safely with money alone. Overstimulation in this direction will certainly do more harm than good.

If the special favors now enjoyed by other economic groups are to stand, the propriety of granting compensating favors to agriculture cannot be questioned. * * *

Now, the farmer is as truly a laboring man as he who works on the railroad or in industry. He is also a capitalist in that he has large investments in land and equipment. But such legislation as has been enacted presumably in aid of agriculture has been to increase production instead of to insure a fair reward for the farmer's labor or a fair return on his capital. * * * All of these laws which increase wages and rates and strengthen the bargaining power of labor and capital help to bring about and maintain an unfair relation between the prices of farm products and the prices of other things, and to decrease both the wages of the farmer and the return on his capital investment. To urge that the Government may with propriety fix wages and rate of return and restrict competition for some groups but may not apply the same principle to farmers is to deny common justice to one-third of our population.

The only subject fairly open for debate is whether it is better to reduce wages, railroad rates, and other industrial charges until they bear a fair ratio to prices of agricultural products, or whether the farmer should be raised to the level of other groups and industries. Considering conditions at home and abroad, it seems that a sincere effort to bring up the farmer rather than pull down other groups is the wiser and easier course.

The fact of the matter is that there are, in the multitude of operations covered by the Federal budget, many items of cash outgo for aid to business as well as agriculture. In 1951, cash outgo in the form of payments to business for goods and services totaled about $11 billion; loans and subsidies, $4 billion; and other loans and transfers, chiefly to foreign countries, another $2 billion; a grand total of $17 billion. Comparable loans and subsidies to farmers came to $1.8 billion; other loans and grants, chiefly to foreign countries, another $1.2 billion, or a total of $3 billion.

The farmers' share of the total cash outgo that in effect aids or stimulates business and agriculture amounted to about 15 percent of the total, which is in line with the proportion of the farm population to the total population.

How farm prices sway

	Nonagricultural product prices	Farm product prices	Percent nonagricultural	Change farm
1910–14=100				
May 1920	253	238		
June 1921	152	113		
Total	−101	−125	−40	−52
August 1929	135	151		
March 1933	98	57		
Total	−37	−94	−27	−62
March 1937	127	132		
August 1939	119	86		
Total	−8	−46	−6	−35
January 1948	220	285		
January 1950	216	223	−2	−22
Total	−4	−62		
1947–49=100				
April 1952	114	109		
February 1953	113	98	−1	−10
Total	−1	−11		

The simple record of the cost of the typical consumer market basket, if taken for January of each year since 1946, just

before the OPA restraints were removed, tells the story:

Cost of the market basket

	Retail cost of farm food basket	Distribution costs	Farmer's share	
			Dollars	Percent
January 1946	$677	$323	$354	52
January 1947	894	449	445	50
January 1948	992	470	552	53
January 1949	969	518	451	47
January 1950	875	473	402	46
January 1951	1,000	519	481	48
January 1952	1,025	540	485	47
January 1953	1,014	555	459	45

Between January 1950 and January 1953 retail food prices advanced to $1,014, an increase of $139, farm prices showing a net advance of $57, distribution costs a greater increase, $82. Farm prices, however, were practically no higher than they were in January 1947, 6 years earlier. In view of the blame so often placed on farm prices for the continued rise in living costs, it should be pointed out that after the initial impact of the 1946–47 inflation, distribution costs alone were responsible for practically all of the $120 net increase in the cost of the food market basket between January 1947 and January 1953.

Farm dollar shrinks fast

	Cost of food market basket received by farmers	Prices paid by farmers	Purchasing power of farm receipts
January 1946	$354	$100	$354
January 1947	445	118	373
January 1948	522	135	386
January 1949	451	132	340
January 1950	402	138	314
January 1951	481	141	342
January 1952	485	149	326
January 1953	459	147	312

Man-hours in the food sack

	Retail cost, food market basket	Straight-time wages per hour	Hours required to purchase
January 1946	$677	$1.00	677
January 1947	894	1.13	790
January 1948	992	1.26	786
January 1949	969	1.37	700
January 1950	875	1.38	633
January 1951	1,000	1.50	677
January 1952	1,025	(1.58)	648
January 1953	1,014	(1.68)	605

Wages and distribution

	Food distribution	Margin (percent of 1946)	Straight-time wages per hour
January 1946	$323	100	$1.00
January 1947	449	139	1.13
January 1948	470	145	1.26
January 1949	518	157	1.37
January 1950	473	146	1.38
January 1951	519	160	1.50
January 1952	540	167	1.58
January 1953	555	172	1.68

For more than 12 months the Committee on Agriculture has been laboring diligently to supply background and collect grassroot information on all phases of agricultural activity.

We visited communities in 23 States and traveled more than 20,000 miles. Meetings were held in both large communities and small country centers throughout the country.

At these meetings testimony was taken and amazing as it may seem, questions were not asked nor discussions entered into; but the farmer and his wife were permitted to tell their story in their own individual and personal manner. This is fine testimony, and we have copies of the hearings in the committee offices.

Our committee chairman, the Honorable CLIFFORD R. HOPE, deserves and I am sure has the respect and appreciation of the entire committee, regardless of politics. No committee of the House is directed by a finer chairman than our Mr. HOPE. We compliment him on his fairness and excellent manner; he has conducted all the hearings and has patiently permitted not only the committee but all of the witnesses to express themselves in their natural and individual manner.

This bill comes to the House by an overwhelming majority. You could not expect legislation covering as many aspects of agriculture as this bill and with 30 farm representatives with as many different types of farm production to agree on how a farm bill should be written. It is remarkable that we could have such a nonpartisan, nonpolitical unanimity of approach to the difficult problems facing our agricultural economy.

Every member of the committee knew and understood that there is not and never will be a pat or quick-easy approach to the solution of agricultural problems.

This legislation offers only a dim and uncertain path of approach toward the solution of basic agricultural economic troubles now threatening our whole American way of life.

Wars, high prices, rising population, research, and efficient methods, the decline in exports—all have contributed and are contributing to tremendous surpluses now under Federal loans and actually property of the Government. What to do with these rising surpluses poses a real dilemma. So far no one has offered what seems to be a satisfactory solution for the sale of farm surpluses.

If the causes of surpluses are as I have stated, then we are not in a position to place the blame on any single error or to indict or incriminate any party or organization for the present costly purchase and storage activities.

The farm bill comes before the House as a one-package legislative measure, recommended by the Secretary of Agriculture himself when on March 10 he appeared before our committee and stated:

> In the first place we do not come here with two proposals. We come here with one package which the President has recommended to the Congress.

There are several separate and distinct titles in this bill, each title proposing a plan of operation for a commodity or providing definite changes in the existing agricultural legislation.

Time does not permit me to discuss each title. I shall be general in my remarks.

In speaking of agriculture not long ago, Arthur P. Chew, an agricultural writer of considerable ability and standing, said "Our agriculture is at the crossroads." I agree with the statement, but feel that we should add: "so is our entire economy."

When agricutural difficulties arise and the economy of the farmers is strained, warped, and steadily contracting, none of our economy can remain long in a healthy, prosperous condition or on an upward climb. It must falter, hesitate, and begin a period of contraction, and this is not an exaggerated conclusion.

Certainly the magnificient record of production by the American farmers during war eras should not be the straw that breaks the camel's back, nor the stone about the farmers' necks that sinks them into oblivion. No society should be a party to any such economic operations.

What nation in history can you call to our attention that bankrupted itself producing the fruits of the earth? It never has happened to my knowledge but many of our friends seem to indicate by their attitude that here it must happen to us.

With about six percent of the world's population, we have been producing nearly 50 percent of the world's goods and services, 50 percent of the total income of the world, and have provided a standard of living scarcely dreamed of by millions of people throughout the world.

Surely if we are capable of such production, such a wonderful way of life, we should not consider surplus farm commodities anything but a blessing provided for us in the midst of our enemies. Using it properly, we can make friends over the world, hold our economy steady and stabilize and improve our way of life.

Just a little information on farm subsidies and other subsidies:

I wish to include in my remarks figures given by a Washington Farmletter of February 6, 1954. I have heard no one dispute the figures, so I assume they are absolutely correct. I quote:

> Price supports have cost $1.1 billion in 20 years, according to a USDA tabulation supplied at Congress request. Net cost of supporting 6 basics (only ones getting mandatory 90 percent of parity supports) has been only $20 million since June 17, 1933. Nonbasics, supported at Secretary of Agriculture's discretion between 75 and 90 percent of parity, have cost $708 million. Other nonbasics, with no mandatory support, cost $382 million.
>
> Business gets more subsidy than farmers, farm leaders have replied. Congressman WHITTEN has compared $1.1 billion cost of price supports to $4.2 billion spent on consumer subsidies and to $45.6 billion spent on business reconversion, tax amortization, and airlines subsidies.

Business gets $609 million aid in Ike's new budget compared to $549 million for agriculture, according to special analysis section in the budget. Business figure would be $300 million higher but the budget makers assume that Congress will hike rates on business mail.

Here's how the budget sets out the aid given various groups for 5 years, including 1951–53 actual, and the 1954–55 estimates:

[In millions of dollars]

	1951	1952	1953	1954	1955
Agriculture	$905	$463	$305	$609	$549
Business	809	1,041	934	918	609
Labor	197	200	215	204	216
Housing and tenants	------	−129	−123	−100	−48
Veterans	4,515	4,710	4,178	4,057	4,095
General	1,327	1,364	1,506	1,672	1,656

Here's the official budget breakdown on agricultural aids in net figures by programs for 3 years. The 1953 is actual. The 1954 is an estimate made at mid-year. The 1955 is what Ike's budget provides:

[In millions of dollars]

	1953 actual	1954 estimate	1955 asking
Farm Credit Administration	−$2	−$27	−$1
Price supports	−69	64	82
International Wheat Agreement	131	84	89
Sugar Act	63	65	65
Other	116	283	152
Labor program	4	4	4
Grants-in-aid	62	133	158
Total	305	609	549

Mr. HERLONG. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield.

Mr. HERLONG. The gentleman said that we had lost $50 million by supporting oranges since 1932, is that correct?

Mr. HILL. I just read that to you out of the book.

Mr. HERLONG. That is not a support price, it is the total amount the Government has spent for purchases for the school lunch programs, and from section 32 funds.

Mr. HILL. We did not say who purchased them.

Mr. HERLONG. That is the total over 23 years, is that not correct?

Mr. HILL. That does not change the situation on milk just because it is given to children. We are talking about the program. It says in this book that those are the programs that have removed that much surplus through the Commodity Credit Corporation.

Mr. HERLONG. Does the gentleman know what percentage of parity oranges and grapefruit bring on the market today?

Mr. HILL. Sometimes oranges get so expensive that I cannot even buy them one at a time.

Mr. HERLONG. They bring considerably less than 50 percent of parity.

Mr. HILL. The gentleman knows that he is not supporting any of these marketing agreements which have as their purpose the increasing of prices to consumers.

The CHAIRMAN. The time of the gentleman from Colorado has again expired.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, so much has been said in previous discussion about the general farm problem that I thought I would get down to a specific commodity. I will therefore attempt to discuss the provisions of title E, Dairy Products. However, I would like my colleagues to know that I favor the bill as reported by the Committee on Agriculture, which is now up for consideration.

Our committee spent many months with hearings before H. R. 9680 was finally agreed to by a large majority of the members of the Committee on Agriculture. It is a comprehensive bill covering the major portion of our agricultural economy. Dairy farming which involves approximately 4 million farm families in the United States, is the largest segment of our country's agricultural economy. Fair returns and prosperous conditions for dairy farmers mean much to the success and welfare of men and women engaged in business, industry, and labor in all parts of the United States. For example, as you will note from the following table, the dairy industry is the largest single business in the States of New York and Pennsylvania, as well as many other States. When I speak on dairy legislation, I am attempting to speak for all of the dairy farmers of the United States.

Number of farms owning milk cows, number of milk cows, dollar sales of dairy products, and dollar sales of cattle, by States

State	Number of farms owning cows 1950 [1]	Number of milk cows on farms Jan. 1, 1954 [2]	Cash income from dairy product sales 1952 [3]	Farm cash income from cattle sales 1952 [3]
		Thousands of head	*Thousands of dollars*	*Thousands of dollars*
Maine	19,193	132	32,199	7,257
New Hampshire	7,843	73	19,522	3,948
Vermont	14,859	317	76,918	11,838
Massachusetts	10,866	131	49,554	6,696
Rhode Island	1,352	21	9,296	1,198
Connecticut	9,216	122	43,991	7,260
New York	87,736	1,497	403,406	80,434
New Jersey	9,513	158	67,107	11,296
Pennsylvania	103,609	1,029	279,126	95,654
Ohio	151,017	1,050	233,271	156,222
Indiana	127,813	684	149,020	147,189
Illinois	156,229	940	185,590	428,978
Michigan	109,481	982	213,366	101,582
Wisconsin	144,935	2,604	580,402	178,294
Minnesota	147,509	1,542	259,197	252,678
Iowa	177,381	1,145	164,287	666,393
Missouri	193,894	1,044	149,443	254,655
North Dakota	52,403	430	41,862	76,100
South Dakota	57,477	354	32,261	208,540
Nebraska	92,393	455	56,892	465,008
Kansas	109,622	568	74,692	385,324
Delaware	4,068	43	10,194	2,634
Maryland	22,996	275	69,501	21,159
District of Columbia	4	------	------	------
Virginia	112,411	494	72,212	55,306
West Virginia	63,222	231	25,729	25,901
North Carolina	161,756	411	52,720	18,831
South Carolina	73,710	176	17,911	10,924
Georgia	127,133	395	41,977	35,354
Florida	27,806	164	39,700	39,363
Kentucky	173,968	708	74,792	112,355
Tennessee	174,520	736	76,496	76,564
Alabama	155,586	471	29,139	45,652
Mississippi	166,225	624	42,100	52,150
Arkansas	125,307	485	35,618	60,876
Louisiana	89,835	366	33,454	44,255
Oklahoma	120,474	558	59,119	234,619
Texas	261,079	1,052	144,653	570,528
Montana	27,453	112	15,575	126,589
Idaho	32,700	254	42,149	66,433
Wyoming	10,447	48	7,297	79,159
Colorado	33,795	187	32,206	264,493
New Mexico	15,851	50	10,230	92,181
Arizona	6,053	52	15,439	84,488
Utah	17,799	115	27,385	46,001
Nevada	2,391	17	4,176	29,955
Washington	47,102	291	76,589	55,977
Oregon	41,440	242	56,948	58,008
California	51,234	900	319,611	375,139
Total	3,930,706	24,735	4,554,322	6,231,438

[1] 1950 Census of Agriculture, Vol. II, General Report, Statistics by States, Bureau of the Census, U. S. Department of Commerce.

[2] Livestock and Poultry on Farms and Ranches, Jan. 1, AMS, U. S. Department of Agriculture. Released Feb. 12, 1954.

[3] Farm Income Situation, July–August 1953, BAE, U. S. Department of Agriculture.

SUBTITLE E—DAIRY PRODUCTS

I will now proceed to give an explanation of the legislation proposed in this bill covering dairy products which will be of importance to every dairy farmer in the United States. The primary objective of our committee is to provide a policy that will assure an abundant supply of wholesome sanitary milk for consumers at reasonable prices and to dispose of Government surpluses of dairy products into domestic and foreign markets.

Milk production on farms was the largest on record in 1953 and another new record will be established in 1954. It increased from 115 billion pounds in 1952 to 121 billion in 1953 and is currently running 4 percent higher than in 1953.

This recent upsurge in milk production began in the late fall of 1952. Previous to that time there had been a continuous downtrend in milk production from a high point of 120 billion pounds reached in 1945. From 1945 to 1952 milk production on farms declined from 120 to 115 billion pounds and then all at once a sharp upturn occurred. In December of 1952, milk production was 8 percent

above a year earlier. For the year as a whole milk production was 5.2 percent higher in 1953 than in 1952—the largest increase from one year to another on record.

MILK COW NUMBERS

Milk cow numbers reached a high of 25.6 million head in 1944 and thereafter declined to a low of 21.6 million head in 1951 and 1952. Milk cow numbers increased again, however, in 1953, to 22.3 million head and current reports indicate that they are slightly higher today than they were a year ago.

UPTREND IN MILK PRODUCTION PER COW

An important factor in the uptrend in total milk production is the steady increase in milk production per cow. Milk production per cow has increased 20 percent in the last 10 years.

INCREASED MILK PRODUCTION IS NATIONWIDE

This recent upsurge in milk production has been nationwide. In the 30 Federal order milk markets receipts per producer were 8 percent larger in 1953 than in 1952, as compared with an increase of 5 percent for the entire country. Milk production in Maine, Vermont, and New Hampshire was up 9 percent in 1953 over 1952. The increase in the other New England States was 4 percent.

In the Midwest the increase was 6 percent in Minnesota, South Dakota, and Kansas; 5 percent in Wisconsin, Illinois, and Missouri; and 4 percent in Iowa and Nebraska.

In the South the increases ranged from 4 percent in South Carolina and Georgia to 9 percent in Mississippi. In the Far West the increases ranged from 4 percent in Oregon to 8 percent in California.

REASONS FOR NATIONWIDE INCREASES

The 5-percent increase in milk production in 1953 over 1952 and a further 4-percent increase thus far in 1954 has been due to 2 factors, first, an increase in milk cow numbers in 1953 of 3 percent and a further increase in 1954; and, second, a smaller increase in milk production per cow.

Lower prices for beef have caused farmers to put more emphasis on dairying. Beef prices on cull cows in Chicago dropped by one-half between 1951 and 1953. This discouraged the normal culling.

The decline in the prices of other farm products and the acreage allotments on basic crops has caused other farmers to increase their dairying. Ample supplies of feed grains has resulted in increased grain feeding to dairy cows.

Better pastures and large supplies of high-quality roughages resulting from improved conservation practices and improved forage-harvesting machinery are other important factors in this recent upsurge in milk production.

DOWNTREND IN CONSUMPTION OF DAIRY PRODUCTS

The current dairy situation is further complicated by a sharp downward trend in the demand for butter and a smaller decline in the demand for fluid cream and evaporated and condensed milk with no offsetting uptrend in the other major dairy products. Civilian consumption of dairy products in terms of milk equivalent reached a high of 821 pounds in 1942. It has since declined to 689 pounds in 1953 with the decline in butter consumption equal to the total decline. Civilian consumption of fluid milk has declined from 335 pounds per capita in 1945 to 299 pounds in 1951 and has been stabilized at this level since that time.

Civilian consumption of dairy products, per person, milk equivalent, averages 1925–29 and 1935–39, annual 1940–53

[In pounds]

Year	Fluid milk	Fluid cream [1]	Butter	All cheese	Evaporated and condensed milk	Ice cream	Other [2]	Total milk
Average:								
1925–29	270	68	358	46	26	24	6	798
1935–39	264	66	337	55	36	25	8	791
1940	265	66	336	59	41	29	11	807
1941	267	67	317	58	40	34	8	791
1942	290	64	313	63	40	39	12	821
1943	315	56	235	48	40	31	15	740
1944	328	53	236	48	34	33	20	752
1945	335	64	216	65	39	37	21	777
1946	323	66	207	66	40	57	16	775
1947	306	63	221	68	44	51	5	758
1948	295	60	197	68	43	45	6	714
1949	296	56	207	72	42	45	6	724
1950	293	56	212	75	43	44	8	731
1951	299	53	190	71	39	44	11	707
1952	299	53	170	75	38	47	12	694
1953 [3]	298	52	172	70	37	48	12	689

[1] Cream estimated at 20 percent of total fluid milk and cream consumption prior to 1942; beginning 1942, the proportion has been varied largely on the basis of information obtained for markets having Federal milk marketing orders.

[2] Includes dry whole milk, malted milk, dry ice cream mix, cottage cheese as well as other minor products and an adjustment allowance.

[3] Preliminary.

Butter consumption per capita has dropped from 16.8 pounds in 1935–39 to 8.6 pounds in 1952 and 8.7 pounds in 1953. At the same time, oleomargarine production increased from 2.8 pounds per capita in 1935–39 to 7.8 pounds in 1952 and 7.9 pounds in 1953.

PROSPECTS FOR BALANCING SUPPLIES WITH MARKET OUTLETS

A balancing of production and utilization is a possibility in the next 2 years or so. Unfavorable weather or more favorable income prospects from other farm enterprises would shorten the adjustment period. For example, the short feed supplies and high prices of meat animals in 1948 resulted in a 4-percent decline in milk production as compared with 1947.

When beef prices improve, if other alternatives are satisfactory, we can expect a slackening in dairy production. This, together with our rapid rate of population increase and some increase in per capita milk consumption as a result of more aggressive promotional campaigns, should bring supply and market outlets back into balance before too long.

DAIRY INDUSTRY DIVIDED

In the face of this situation the dairy industry has been badly divided. Some parts of it have recommended that we authorize a self-help program for the dairy industry, some have advocated production controls, others have advocated the use of compensatory payments.

All are agreed, however, that the dairy industry must continue to have some price protection during this difficult readjustment period.

The committee recognized this lack of unanimity among the dairy industry regarding the best longtime program by providing in section 325 that the Secretary of Agriculture shall make an exhaustive study of the alternatives and report back to Congress by January 3, 1955, regarding the possibilities of self-help and other price-support alternatives for the dairy industry.

H. R. 9680 also includes a number of sections which will help to maintain dairy farm incomes, increase the utilization of dairy products, and reduce current production levels.

INCREASED SUPPORT LEVEL

H. R. 9680 establishes the support level at 80 percent of parity for the balance of this marketing year, and includes a set of factors for the Secretary to use in determining the support level hereafter between 75 and 90 percent of parity.

The Secretary has stated that the present language which says that the Secretary shall set the support level within the 75-to-90-percent range at that level which will assure an adequate supply left him no alternative but to drop it from 90 to 75 percent of parity this year. This sharp drop in the support level was not in harmony with President Eisenhower's farm message urging gradualism in any downward price-support adjustments.

The new factors in H. R. 9680 will correct this deficiency.

METHOD OF SUPPORT

H. R. 9680 adds new language providing that milk and its products may be supported by loans, purchases, or for the period ending March 31, 1956, by other operations in connection with milk and the products of milk and butterfat.

This language gives the Secretary the widest possible authority as to price support methods and together with other

sections permits the widest possible authority for the Secretary to develop domestic and foreign disposal programs for existing Government stocks.

With this authorization there should be no further difficulties with excessive Government stocks of dairy products.

The Secretary, if he desires, may use direct payments to plants or producers as a means of price support.

SCHOOL MILK

As one means of increasing the utilization of milk, H. R. 9680 authorizes the use of up to $50 million annually of CCC funds to make reimbursement payments to schools for a 2-year period so that they may serve more milk to children at reduced prices.

There are now 33 million school children, yet only 10 million participate in the school-lunch program at the present time.

DONATION OF SURPLUSES TO MILITARY

The Agricultural Committee believes that it would be beneficial for the men in our military services and in veterans' hospitals if they were served more ample rations of butter, milk, and other dairy products. As one means of accomplishing this objective H. R. 9680 provides that after these services have purchased their normal supplies through the usual market channels they shall be donated as much of the surplus stocks of dairy products held by the CCC as they can effectively use to improve their rations.

These two methods of increased utilization of dairy products—increased use in school lunches and the military services, should help substantially in reducing our surpluses.

BRUCELLOSIS ERADICATION

As a means of reducing current high production levels the committee has urged an expanded dairy culling program which the industry is pushing vigorously.

In addition, H. R. 9680 provides for acceleration of the present Federal-State brucellosis eradication program which has proved its effectiveness in stamping out this serious disease. It provides that up to $15 million of CCC funds may be used annually for a 2-year period for an augmented and accelerated brucellosis campaign. These funds will be used to increase the Federal indemnity payments from $9 for grades and $18 for purebreds to $25 and $50, respectively, and to make the program available in all States regardless of whether or not the funds are fully matched in each State. The same high standards of the present program in all its aspects will be maintained.

In the first 2 years of such an accelerated program 1,100,000 reactors should be located and a third year would bring the number up to 1,500,000 head. If each reactor produced 5,000 pounds of milk, the elimination of 1 million to 1,500,000 dairy cows with brucellosis would be the equivalent of reducing milk production by 5 to 7.5 billion pounds. This is roughly equivalent to our current annual surplus.

It is reliably estimated that if the Secretary of Agriculture in cooperation with other agencies of the Government will promptly and effectively administer the dairy sections of this bill according to the intent of the Congress, the problems of the dairy farmers will be largely solved within the next 2 or 3 years. While the Secretary of Agriculture has not confided in me as to what he intends to do in solving the dairy problem, I can assure the members of this committee that this legislation gives him blanket authority to use any method or device in handling the problem of disposing of surplus dairy products, and placing this vital industry on its feet again.

BUTTER, A CASUALTY OF WAR AND GOVERNMENT EDICT

Dairy farmers of the United States are being blamed for the surplus situation which has now occurred in the case of butter and other manufactured dairy products. This criticism is not justified. Government records will show that butter and other dairy products are a casualty of World War II.

The per capita consumption of butter in 1939 was fixed by the Department of Agriculture at 17½ pounds. In 1942, butter was placed under the ration system, and by 1945, butter consumption was reduced to 10½ pounds per capita. Consumers in this country were urged by agencies under the Roosevelt administration to use less butter and to eat more oleomargarine, and other substitutes so that our butter could be shipped to England, Russia, and other allies during the war. Several hundred million pounds of butter were sent to our allies. During the same period around 1,500,000,000 pounds of butter were consumed by men in all branches of our fighting forces in all parts of the world. In the past 4 years our men in the Army have been fed mostly oleomargarine.

Prior to World War II, dairy farmers fed a considerable amount of milk produced on each farm to poultry, hogs, and other livestock. To use this milk, the Government devised an attractive proposal for dairy farmers to convert both whole and skim milk into milk powder. Millions of dollars were spent by the Government in the construction of milk drying plants. This was a part of the war effort in order to supply our soldiers and allies with millions of pounds of milk powder which could be reconstituted into liquid milk and used for all edible purposes. Since the termination of the war in Korea, the demand for milk powder has disappeared, and hundreds of millions of pounds of this product has passed to the Government as a part of the surplus.

As far as I am able to learn, most of the manufacturing industries in this country that were engaged in the manufacture of war materials were fully compensated by the Government for their losses. Similar consideration was not given to dairy farmers who had followed and complied with the Government program.

When Paul V. McNutt was Federal Security Administrator, an order was issued by his Department and under his direction permitting oleomargarine manufacturers to flavor their synthetic product with a butter flavor so that oleomargarine would become more acceptable to the general public. He also issued an order permitting oleomargarine manufacturers to inject up to 16,000 units of vitamin "A" into oleomargarine so that the manufacturers could claim that their synthetic product contained the same vitamin content as butter. These Government regulations encouraged the consumption of oleomargarine as a substitute for butter and the per capita consumption of butter continued its downward decline to the detriment of every dairy farmer in this country.

For more than 20 years prior to 1950, the oleomargarine companies tried to secure the enactment of legislation to permit the coloring of oleomargarine yellow in imitation of butter without the payment of any tax. Yellow is the historic color of butter, and the oleo companies felt that if they could imitate butter by coloring their synthetic product to look like butter, they could capture the butter market in the United States. They finally succeeded in putting through such a law in the 81st Democratic Congress under President Truman. This action increased the production and consumption of oleomargarine and further displaced the use of butter. It is estimated that for the year 1954 the consumption of oleomargarine will equal or exceed that of butter.

I have called these facts to your attention because I feel that you should be informed as to who is responsible for the plight of our great American dairy industry. A few hundred million dollars invested by the Government to save the dairy industry during the postwar period is a wise investment. Dairy products are vital to the health and welfare of all American consumers. It may take several years before proper readjustment can be made by dairy farmers, and they cannot do the job alone. They need the aid and assistance of the Federal Government, because the Federal Government is responsible for what has been done to this great industry, and by no stretch of the imagination can it be charged to our dairy farmers.

THE COST OF DAIRY PRODUCTS TO CONSUMERS

One of my colleagues mentioned the cost of butter and other dairy products to the consumers. Since April 1, 1954, when Secretary Benson reduced the support price of dairy products to farmers, the price of butter to consumers has declined from 6 to 8 cents a pound. According to the best estimates, this reduction in the price of butter has not materially increased consumption. The Commodity Credit Corporation continues to buy approximately the same quantity of butter at 75 percent of parity as it did during the past year at 90 percent of parity. Production of butter and other dairy products has not decreased. On the other hand, production of milk has increased in all parts of the country—particularly in the milkshed areas for the reason that the dairy farmers are forced to maintain their income by increased production in order to maintain their customary buying power.

The Department of Agriculture advises me that the average price of fluid milk in the United States is 22½ cents

per quart. In many areas of the country the price of fluid milk to consumers has not dropped 1 penny a quart. In some areas the price has been reduced one-half cent per quart, and I am informed that in areas outside of the milksheds the price to consumers has been reduced by 1 cent or more a quart depending upon the quantity purchased.

I am advised that due to distribution, processing and labor costs, it has not been possible to materially reduce the price of milk to consumers. I have also been reliably informed that certain milk drivers in larger cities make as much as $15,000 a year on their milk routes.

Mr. KING of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield briefly.

Mr. KING of Pennsylvania. What is your basis for saying that that has not been passed on?

Mr. AUGUST H. ANDRESEN. I believe that the explanation which I have just given will fully answer your question and demonstrate that dairy farmers are taking the loss and that consumers are not receiving any appreciable benefit from the reduction in the support price.

Mr. YATES. Mr. Chairman, will the gentleman yield for a question?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. YATES. The gentleman from Texas indicated that this bill provides for production payments for dairy producers.

Mr. AUGUST H. ANDRESEN. Do you ask me that as a question?

Mr. YATES. I was wondering what the gentleman's opinion of that section of the bill was.

Mr. AUGUST H. ANDRESEN. I do not want to get into that because it has been charged that the dairy farmers are not willing to control their production of milk. I want to answer that for the benefit of some of my good friends—and I am in accord with them on the provisions of the bill.

We have fewer milk cows today than we have had in this country for many many years, still they are producing greater supplies of milk for the American people; and that is a good thing. I think we have ways where this milk can be fed to human beings in the United States, and this piece of legislation proposes methods whereby the milk is going to be consumed in this country rather than to have it put out in the hands of the Government in the form of butter, cheese, and milk powder.

This legislation gives the Secretary of Agriculture the authority that has been mentioned for a period of 2 years to take these Government surpluses out of the hands of the Government and distribute them, to American consumers. I do not know whether the Secretary of Agriculture will adopt the payment plan to the producers or whether he will adopt a consumer-subsidy plan as I know the gentleman may want or that some others may want. That is up to him. We do not administer laws. But under the language in this bill he has the authority to adopt any plan that he wants to in order to dispose of these diary products now in the hands of the Government.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I have heard, and I have read a lot in the papers about the tremendous savings in warehousing that will be made if the recommendations advocated by Secretary Benson go into effect. Is there anything in this bill that is going to bring about these tremendous savings?

Mr. AUGUST H. ANDRESEN. If the Secretary of Agriculture will move the supplies in the hands of the Commodity Credit Corporation into the hands of the consuming public, you will eliminate the storage charges and the cost of handling these commodities. It is up to him. I do not want to appear critical of Mr. Benson, but may I say that during the past 4 months at least he has said he is going to do something, that he had a program to move butter out into the hands of the consumers of the United States. We have waited for that program. As chairman of the subcommittee on dairying I have asked him for the program. We have specifically asked him what he wanted to do and what he wanted written in the form of legislation. He has not furnished that information to me or to any other member of the committee as far as dairy products are concerned.

So we did the best we could in our committee to write a program that would give him the authority to go ahead and carry out any program that will dispose of the dairy products now in the hands of the Commodity Credit Corporation. I wish I could tell you what he intends to do, but I am not in his confidence in that respect. I hope that he will work out a program and do it within the 2-year period allowed by this bill so that we can dispose of these surpluses.

Mr. Chairman, I believe that inside of 2 or 3 years we are going to have this surplus dairy problem licked. Do you know that in 1954 there will be 4 million babies born in this country that should have a quart of milk each per day? It is estimated that in 1955 there will be another 4 million babies born that should have a quart of milk a day each. This bill also provides that we are going to furnish additional milk for school lunches. There are 23 million children in the United States going to schools that do not have milk or do not have the school-lunch program. We have provided in this bill $50 million a year for the next 2 years to supplement the milk program from Commodity Credit Corporation funds. We want all of these kids to have at least a pint of milk a day. We also want the men in the armed services who are on rations to have at least a pint of milk a day. Why, we would not have enough cows producing enough milk here in the United States if we were to take care of the boys and girls and men in the armed services and in veterans' hospitals, to say nothing of the other people in this country who want to drink milk.

The dairy industry can do a great deal on its own accord to promote the increased consumption of dairy products. It might be well for the industry to take a look at some of the modern TV advertising of certain beverages and to use more modern radio and newspaper advertising.

In conclusion, let me again urge your favorable support of the general farm bill. Such action on your part will benefit both producers and consumers and be for the best interests of the entire economy of our country and the health of our people.

Mr. POAGE. Mr. Chairman, I yield 8 minutes to the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Chairman, one member of our committee who spoke earlier today made the statement that the bill which we have brought to the House of Representatives solves nothing. In his judgment, that may be true, but in the judgment of those of us who support the bill, we feel that we have brought to the 25 million American farmers a bill which will at least sustain them in a reasonable standard of living, a standard of living to which we believe they are entitled, for at least 12 months, and then after that, if the program which is advanced by Mr. Benson becomes law, well, God pity them.

Mr. Chairman, I say this for many reasons but for a particular reason which has just come to my attention. I have just been out and taken off of the news ticker an alarming news item in which I am sure most, if not all, of you would be interested. The report is most disturbbing. The Associated Press has just reported that farm prices dropped 4 percent between mid-May and mid-June. Think of it, a 4-percent drop in 1 month. This represents the sharpest monthly decline in years, the sharpest since the break of 1929. The report goes on to say that prices paid by farmers for goods and services used in family living and in farm production eased off 1 percent below a month earlier. In other words, that means that the things which merchants sell to farmers dropped off 1 percent. Why? Because the farmers did not have as much money with which to buy. Their purchasing power is diminishing. Farm prices have now dropped to 88 percent of parity, 12 percent below a fair price.

Mr. KING of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield to the gentleman from Pennsylvania.

Mr. KING of Pennsylvania. The gentleman is reporting something that is happening now while we are under price supports.

Mr. ABERNETHY. I shall comment on that.

My opinion is, and I think it is the opinion of every Member of this House who has studied this subject, that the reason for this decline is this terrific, powerful, potent, persistent drive that has been put on by the Secretary of Agriculture to drive a wedge between the farmer and consumer and especially to drive prices received by farmers down to 75 percent of parity, or only 75 percent of a fair price. And, to the extent of 4 percent, he has succeeded in the last 30 days without any law of any kind. Now, if this Congress does not scotch this decline in some shape, manner, or form,

next month it might and probably will drop 4 percent more, and the next it will be an additional 4, and so on and on. Then this country will be back to the levels of 1930. Not only will our 25 million farm people be bankrupt, broke, and eating from the bottom of the trough, but those of you who sell them farm machinery, shoes, clothes, hardware, lumber, automobiles, and so forth, you, too, will be dragged down to identically the same level. All depressions have been farm led. It has never failed. When they go down the rest of the country follows. Benson and this administration are flirting with a dangerous economic philosophy and the news report I have just brought you proves it.

I see my friend, the gentleman from New York [Mr. JAVITS], still on the floor, and I am glad he is here. I know he is of the opinion that if he could just get these farmers to give away their food, then his city constituents would be happy. Actually if they did so, the drop in price at the retail level would be negligible, if noticeable at all. But that, no doubt, is what he wants farmers to do, give away their crops. The gentleman asked the question this morning if a flexible price-support program would reduce the price of food.

Now, let us see what the Secretary of Agriculture, the sponsor of flexibles, has to say about that.

The gentleman from Virginia [Mr. ABBITT] asked the Secretary of Agriculture when he appeared before our committee, this question:

> Mr. Secretary, do you think that a loaf of bread would be any cheaper to the housewife if flexible price supports were imposed?

The Secretary said:

> There will be practically no change in the loaf of bread or in food prices generally.

There you have it, right from the horse's mouth, from the Secretary himself; that if they reduced prices to 75 percent of parity, you and your constituents, you and your city consumers, would be paying identically the same price for bread and other foods that you are paying today.

Mr. JAVITS. Mr. Chairman, will the gentleman yield to me?

Mr. ABERNETHY. I yield to the gentleman from New York.

Mr. JAVITS. I think the gentleman is wrong for two reasons.

Mr. ABERNETHY. No; I am not wrong. I expressed no opinion but did read the Secretary's opinion. So you should have said your own Secretary of Agriculture, an affiliate of your Republican Party, is wrong.

Mr. JAVITS. May I make my point. May I point out that butter has gone down 10 cents a pound. We saw that result in our retail stores, the minute that the support percentage was reduced. Secondly, the consumer is also a taxpayer and, as the gentleman from Pennsylvania [Mr. KING] has pointed out, he is paying billions into the Treasury to keep up these prices that he has to pay.

Mr. ABERNETHY. Yes, they made a leader of butter to make people think the support price was keeping it up. They did drop the price slightly and then marked it up again. But anyway, why did the gentleman ask the question if he knew all about it? If his mind was already made up why did he ask the question at all? Here the gentleman displayed ignorance and took up the gentleman's time by asking him the question whether that which has been proposed by Secretary Benson would reduce the price of food.

Mr. JAVITS. I never display ignorance when I ask a question. On the contrary, I display intelligence.

Mr. ABERNETHY. Now the gentleman, the farm expert from Manhattan, reveals that he knew the answer all the time. So, I just cannot understand how he could have displayed any intelligence in propounding a question the answer to which he already knew. I take it that he just wanted to hear himself talk.

Mr. KING of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield.

Mr. KING of Pennsylvania. The gentleman is implying that if we destroy the rigid support price that the farmer's income would keep on going down, would get farther and farther away from parity. Will the gentleman explain why it is that the crops that are not under support prices are higher, in a free market, than the crops that are?

Mr. ABERNETHY. It just so happens that some of the crops in the free market to which the gentleman has referred, are produced by only a small group of farmers. They can get together and easily control production. In the Cotton Belt alone there are approximately a million cotton farmers. Cotton farming is not like a factory where a few men, a board of directors sit down and plan production to meet only the market demand. Nor is the growing of cotton, wheat, corn and other crops of extra large acreages engaged in by several million farmers like the case of a few large vegetable producers, such as the gentleman who I am told is producing vegetables on about 5,000 acres of rented land, with imported Puerto Rican labor.

Mr. KING of Pennsylvania. I am one of those poor tenant farmers.

Mr. ABERNETHY. Broad belt farmers, such as producers of cotton, wheat, and corn, are too numerous and too scattered to sit around a table and determine for themselves just how many bales of cotton or bushels of wheat or corn they are going to grow. There are too many of them. There are millions of such farms and each and every one constitutes a farm factory within itself. As a result of their difficult position the Government has given them this sensible program. It is the only program that will actually work. The only program that will actually work is the one that the Secretary is making an attack on. It is the production control program, a program of self-control if you please. Farmers themselves may determine through their board of directors—and every farmer is on the board—in a referendum, to control, or not control the production of cotton, corn, wheat, rice, whatever it may be, at levels fixed by the Secretary of Agriculture, which levels will produce the amounts consumers will consume. What is wrong with that?

Let us get down to and discuss the issues.

The principal issue before us is flexible supports at from 75 to 90 percent of parity versus rigid supports at 90 percent of parity. Those who advocate the flexible program contend that the 15 percent difference in support price will act as a cure-all for the problems confronting our farmers.

The issue has also been raised and complaint made that our farm program results in the payment of unreasonable subsidies and many believe that the Eisenhower-Benson flexible support price plan would eliminate such. Let us discuss each of these in order and then follow with the position of Candidate Eisenhower in 1952 as compared with that of President Eisenhower only 15 months later.

FLEXIBLE SUPPORTS WILL NOT SOLVE SURPLUS PROBLEM

It is a fallacious argument that flexible price supports will solve the surplus problem. Ordinarily when one thinks of flexible supports he thinks of lower farm prices and that is exactly what flexible supports will mean. Lower farm prices will not necessarily bring about less production. Production records of the Department of Agriculture are replete with statistics showing that when the price of a farm commodity goes down the farmer simply plants that much more and sells more in an effort to make up for the difference in price.

The records also reveal that a vast majority of the surplus troubles with certain farm commodities have been at a time when they were under flexibles. A few years ago we have the potato fiasco which we all remember. Potatoes were then under a flexible program. About that time we had a similar experience with eggs. Eggs were under a flexible program. As of today our troubles are with milk, butter, and dairy products. They are under a flexible program. Flexible price supports cure nothing. They simply create more trouble. The record proves the point.

The sliding scalers, flexers, or variables, as you prefer, contend that rigid supports at 90 percent of parity are pricing farm commodities out of the market. They propose to recapture this market for farmers by lowering prices of farm commodities to as low as 75 percent of parity. Then in the next breath these same flexers contend that their downhill-sliding-scale program will not actually lower farm prices to farmers but on the contrary the plan is designed to and will bring farmers 100 percent of parity. In other words, by reducing the guaranteed price from 90 percent to 75 percent farmers will soon receive 100 percent. And mind you now, the flexers—the President, Benson, Allen Kline, and others—also contend that consumers will at the same time be made happy because the program will enable them to purchase food and clothing much cheaper as a result of the price supports having been lowered to 75 percent of parity. So, here you have it—a plan which will get better results, perform more cures

and satisfy more people than the old-time corner medicine man's cure-all herb tonic with the double-your-money-back guaranty. What a program. But the farmers have not bought it yet and they never will buy it.

COST OF FOOD NOT TIED TO SUPPORT PRICES

Another false argument universally spread against our farm program is that it has made the cost of food high. This is positively untrue. Consumers are buying food today cheaper than ever before. Furthermore, there are less hungry people in the country than ever before, one of the reasons being that food is cheaper and more abundant. Here are the facts to prove it.

Let us go back to 1914, which is often referred to as the good old days, the time when the prices of farm commodities were in balance with the things which farmers had to buy. In 1914 1 hour's labor would buy 3½ pounds of bread; in 1953 it would buy 7 pounds; it would then buy six-tenths of a pound of butter but in 1953 it would buy 2.2 pounds; it would then buy 1 pound of pork chops whereas in 1953 it would buy 2 pounds; it would then buy only one-half dozen eggs as against 2.7 dozen in 1953; it would in 1914 buy nine-tenths pound of round steak but in 1953 it would buy 2 full pounds; and it would then buy 12¾ pounds of potatoes whereas in 1953 it would buy 31.8 pounds if anyone could eat that many.

So I say again and the record proves beyond all argument that our farm program has neither priced farm commodities out of the market nor has it made the supply scarce. If anything it has had the reverse effect because it has guaranteed an abundance of food and fiber and contributed to the high standard of living which we Americans enjoy.

Again I say the facts refute the charge that the price-support program has priced farm food out of American kitchens. During the past 3 years when prices of farm products were declining, retail prices of food were climbing. While farm income was going down, the cost of living was going up. The spread between what the farmer received and the consumer paid increased. Farmers have received less and less of the consumer's dollar. Even so, the consumer is buying cheaper today than he did 40 years ago.

CONTROLLED PRODUCTION IS SOUND

The only program which can and will work and has worked is a control program, a program of controlled production, put into effect by the farmer himself, with a guaranty of 90 percent of parity. American industry has succeeded because of its ability to control production, to put on the market no more than the market will stand. Such a program is quite simple for a given industry such as automobiles or televisions or farm machinery. The decision need only be made by a few boards of directors. But it is not so easy for six-million farmers who operate as separate and distinct farm factories. Therefore, the producers of cotton, corn, wheat, rice, peanuts and tobacco, the basic crops, through Government, have been provided with a means of controlling production. The program is simple. Its methods are democratic. Nothing is imposed on anyone. Farmers themselves are left to make the decision. If two-thirds of them vote for controls they are imposed. Otherwise unlimited production is permissible. If controls and quotas are invoked by the Secretary and approved by the farmers, then and then only are price supports at 90 percent of parity guaranteed.

The remarkable thing about the program is that, except in one or two instances in isolated tobacco areas, farmers have never rejected it. In every instance they have overwhelmingly voted to control production. This should be a clear answer to the lamentations of those who concern themselves so much about the regimentation of the American farmer. He is not regimented. He has been given a sensible program which will permit him to keep production in line with demand. The farmer has had sense enough to use it and wants it continued. It or something similar can and will be made available to the producers of other farm commodities any time they come up with a demand for it.

FARMERS INDIGNANT

There is a rising tide of indignation in rural America. Farmers do not like the scorching criticisms that are being heaped upon them in connection with losses incurred in the operation of the farm price-support program.

Farmers have been pictured as the only large economic group in the Nation benefiting from Government subsidies.

The editor of a large metropolitan newspaper asserted recently:

> The farm price-support program has accumulated annoying surpluses, destroyed our export markets, priced farm products out of American kitchens, and together with other farm programs has cost American taxpayers $14 billion.

The editor then went on to picture the farmer as a recipient of parity pie, although prices of most farm products are well below parity, admittedly a fair level, and farmers are striving desperately under the cost-price squeeze to make ends meet.

The editorial cited is typical of numerous criticisms hurled at farmers by the press, over the radio, and on the forum.

Farmers work hard, long hours, often under difficult conditions. They face weather hazards, crop disasters, animal losses. But their biggest problem is not production on the farm. It is a fair price at the market place.

Farmers resent the charges of profiteering on the one hand and imputations of self-seeking on the other. They have not asked for special favors. They want only fair farm prices.

FARMERS ARE IN TROUBLE

Farmers are in trouble. Prices of farm products have been declining for 3 years. Prices of farm products are down 20 percent from the February 1951 high. Cattle prices, except for choice and prime animals, are down one-half. The parity ratio dropped from 113 in February 1951 to 90 in November 1953, the lowest in 12 years. Meantime, farming costs zoomed to an all-time high and have declined only slightly.

Most of the losses under the farm price-support program were taken on farm commodities on which there were no production control measures in effect at the time and after the Government had called for high farm production as a part of the national defense effort.

The one phrase "the patriotic response of American farmers to the request of the Government to produce to the limit to supply the Nation and its friendly allies with all of the food and fiber needed," largely explains the surpluses of farm products. As late as 1952, the Government asked farmers to raise 16 million bales of cotton and to produce all the meat and milk, chickens and eggs, and fruits and vegetables they could. At that time no one knew what the future held. National officials did not want the Nation caught short of vital food and fiber.

The truth is the cost of farm price-support programs has been small compared with the cost of Government subsidies to other groups. Official figures show that the cost of farm price-support programs from August 1933 to June 1953—20 years—was $1,110,000,000. The cost of consumer subsidies was $2,102,000,000, Government aid to business totaled $4,430,000,000.

INDUSTRIES ARE SUBSIDIZED

And the $4,430,000,000 in aid to business did not include the benefits business and industry received under the protective tariff, the cost-plus contracts to industry under the national-defense program, housing subsidies, accelerated amortization, special depletion exemptions, gratuities to railroads, and other benefits.

United States Postmaster General Arthur Summerfield in August 1953 reported that the Post Office "was losing $240 million a year in second-class mail." Comparing losses of the Post Office Department with losses under the farm price-support program, Mr. Summerfield said:

> The total I last saw for all subsidies for the support-price program was $752 million, whereas the loss in handling of second-class mail for the same period was $2,400,000,000.

CAMPAIGN PROMISES OF 1952

I have never thought it a good thing to get the farm program involved in politics. Our committee, the Committee on Agriculture, has prided itself in the fact that little politics creeps into our considerations. We have for years worked in harmony, with one objective in mind—the interest of the American farmer.

However, I think it is quite appropriate that at this point we go back and review the promises of the Republican Party and its candidate for President in 1952. I am making particular reference to the Republican Party because it is now in power and all responsibility rests upon it. It is from its own household that effort comes to destroy the present farm program and substitute a program new and untried, which will without a doubt mean a lower standard of living for 25 million farm people.

Republicans during their 1952 campaign made no mention of sliding scale, flexible, or variable price supports. They would not have dared do so. In fact they led our farmers to believe that they were not only for the 90-percent support program but might go the Democrats 10 percent better and make it 100-percent supports. It is difficult to believe that the Republicans of this Congress will repudiate their campaign promises of only 20 months ago. To say the least, I feel sure that a majority of those on my committee will not. Unfortunately the President has already repudiated his promises but it is not too late for him to be rescued by this Republican Congress.

THE GOLDEN PROMISE

Let us see now where Candidate Eisenhower stood less than 2 years ago. On a fall day in 1952 in Kasson, Minn., he took the farm program right out of the campaign with his golden promise and here are his exact words:

Here and now, without any "ifs" or "buts" I say to you and I stand behind—and the Republican Party stands behind—the amendment to the basic farm act to continue through 1954 the price supports on basic commodities at 90 percent of parity.

I firmly believe that agriculture is entitled to a fair full share of the national income. A fair share is not merely 90 percent of parity—but full parity.

Now I leave it to you, Members of the House, what impression did Candidate Eisenhower leave with those farmers? What impression did he intend to leave? Do you suppose a single farmer who heard that speech once interpreted it to mean that Ike was going to reduce the price supports to 75 percent of parity? Do you once suppose any farmer who heard the speech or read it ever dreamed that Ike was going to sponsor and impress upon him a sliding scale of price supports, which slides only one way—downhill—to 75 percent of a fair price?

But Candidate Eisenhower did not stop there. He later figuratively lined that golden promise with diamonds and precious jewels in speeches at Columbia, S. C.; Brookings, S. Dak.; Omaha, Nebr.; and elsewhere. In Columbia on September 30, 1952, he said:

I believe wholeheartedly and without any "ifs" or "buts" in Federal programs to stabilize farm prices, including the present program insuring 90 percent of parity on all basic commodities.

Search this statement closely. Determine for yourself what impression he intended to and did leave with his listeners. He solemnly planted himself upon the present program of 90 percent of parity. He was speaking in a cotton-producing State. He wanted their votes. When the returns were in, he had come very close to carrying South Carolina, a State which has never before given a Republican candidate even as much as 10 percent of its vote. With the cotton South listening to this speech and believing Ike believed in their program, he did carry several cotton States. Now what is to be the reward of South Carolina and other cotton farmers who heard the speech and voted for him on the strength of it? Cheap cotton, lower income, and a lower standard of living; a poor reward indeed.

Did this end the campaign promises of Candidate Eisenhower to American farmers? Oh, no; not at all. He continued to drive home the impression that he stood four-square with the price support program "as is" and if any sliding changes were to be made, the slide would be upward and not downward. At Brookings, S. Dak., on October 4, 1952, he said:

The Republican Party is pledged to the sustaining of the 90-percent parity price support and it is pledged even more than that to helping the farmer obtain his full parity, 100 percent of parity, with the guaranty in the price supports of 90.

Now, did he mean what he said? If not, these quotes will come back to haunt him the rest of his political life. Actually farmers believed what he said. These emphatic endorsements of the present farm program "without any 'ifs' or 'buts'" actually took the farm issue out of the campaign and resulted in overwhelming Republican victories throughout the farm belt. Now that they have won the elections, hold the offices and run the Government, they offer farmers a sliding scale which slides one way only—downhill. How different from the promises of the Republican candidates of 1952.

NO ONE IS BEING FOOLED

But, Mr. Chairman, no one is being fooled. The people are alert to what is going on. They remember what was said in 1952 and who said it. As evidence hereof let me read two editorials which recently appeared in midwestern newspapers. The editorial from the Argus Leader, of Sioux Falls, S. Dak., reads as follows:

BUT THEY DIDN'T REBUFF CANDIDATE EISENHOWER

The Agriculture Committee of the United States House of Representatives voted 21 to 8, this week in favor of a bill to maintain fixed price supports for another year.

In so doing, the news dispatches said, the committee members rebuffed President Eisenhower.

But, it should be explained, the committee members did not rebuff Candidate Eisenhower.

Back in 1952, Candidate Eisenhower made several speeches in the farm regions. Candidate Stevenson of the Democrats was advocating a system of fixed price supports at 90 percent of parity. Candidate Eisenhower matched this and even went so far as to say that the objective should be 100 percent of parity.

Particularly at Brookings—the speech of primary interest to this area—pledged himself to a full support of the fixed price program.

So the House Agriculture Committee, in voting for a bill continuing fixed price supports, did only what Candidate Eisenhower promised the farmers in the campaign of 1952 that he would do.

These are the blunt facts and there's little purpose, politically or otherwise, in ignoring them.

The Republican Party and its candidate for the Presidency went on record in 1952, when they were trying to get the votes of the farmers, in favor of fixed price supports.

Are the farmers to believe now that the Republicans say one thing during a campaign and do something else after they have been elected? Apparently the House Agriculture Committee is ready to respect the campaign pledge. President Eisenhower should be induced to do likewise.

The editorial from a newspaper published in Hayti, S. Dak., offers even more food for thought, Republican thought, that is. It follows:

President Eisenhower and sympathetic administration leaders worry about the adverse effect of the McCarthy investigations on the GOP, when they should be worrying more about the effect of the betrayal of campaign promises on the farm price issue. At the moment Agriculture Secretary Benson is reported considering urging a veto if fixed price supports pass Congress, which they appear likely to do. If that transpires, after all the fulsome promises of 90 percent and 100 percent parity pledges by the President as a candidate at Kasson, Minn., and at Brookings, the GOP can just about kiss the farm vote goodby. Even as matters stand, it hangs by a thread, farm voters in general standing by in a wait-and-see frame of mind. Rightly or wrongly, farmers were assured in the election campaign that they would never be let down by the administration, and that promise, or at least a reasonable facsimile, should be kept.

Now it is not pleasant, Mr. Chairman, to bring criticism on anyone but the facts remain that farmers are not getting from this administration that which was promised them in 1952. I trust that administration leaders will reverse themselves and turn back to their commitments. I also trust that Secretary Benson will administer the present program in a wholehearted manner. He has not tried very hard to make it work. If he will just try the program will work, both to the good of farmers and consumers. It will insure a fair price to farmers and abundant production for consumers at fair prices.

If we have an occasional surplus we should be happy about it instead of being so critical. After all, this is the only nation on the face of the earth where there is an ample supply of both food and clothing. Our's is the only nation able to feed and clothe itself adequately. And with all the blessings which come from abundant farm production here we find our President, Secretary of Agriculture, and many people of the country complaining. What do they want? Scarcity? On the contrary the whole country should be expressing thanks that we have been blessed with more than enough to meet our needs.

Then, too, Mr. Chairman, our surpluses could be a tremendous blessing should we become involved in another war. This is not impossible or improbable. Unrest persists throughout the world. A shooting war is going on right in our own hemisphere. Another in the Far East. In the last 10 years we have been involved in 2 and are just out of 1. Our soldiers are today scattered over the face of the earth. We are appropriating billions, keeping ourselves armed to the teeth and storing away an abundance of strategic military supplies. Why? Because we fear involvement in another war. Food is a strategic commodity. So is fiber. On second thought, Mr. Chairman, is it not a blessing that we have on hand these surpluses? They are not very large but sufficient to run us a few months in case of disaster. Why

should we complain? Should we not be thankful?

We should remember that agriculture is indispensable. There are some things we can do without. But farming is not one of them. People must have food and fiber. They must eat. People live off of the land. Plenty of good nutritious food is essential to a strong and healthy nation. And farmers must be assured of at least the cost of production if they are to conserve soil fertility, maintain farm productivity, and continue to produce plenty of food and fiber for a fast-growing population, plus large export demands.

Our farm program has worked well, Mr. Chairman. We ought to be here making it permanent instead of trying to extend it only for 1 year. And this administration, which through its candidate endorsed it in 1952, ought to be helping us.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. HOEVEN].

Mr. HOEVEN. Mr. Chairman, I think one of the reasons why this bill is creating so much agitation is the fact that throughout the past several months and weeks a concerted drive has been on in this country to aline the consumer against the farmer. That does not work for any good in our economy.

I think we should all realize that agriculture is the Nation's basic industry, and the prosperity of the entire country depends upon the prosperity of the farmer. Some people may argue and say, "Other segments of our economy are just as important as agriculture." What about labor? What about the white-collar man?

Well, you know, the good Lord made man and placed him on the earth, and then he provided food for him, and the man consumed the food so that he could work. The man in the machine shop manning the machine tools, or the miner in the bowels of the earth cannot flex one single muscle unless he has had food in his stomach. That is why agriculture is so important and so different from other segments of our economy.

Net farm income has declined, and is on the decline, as my colleague from Mississippi just told you. It has declined 13 percent in the past 2 years and some 25 percent since 1947, while other segments of the economy have reached new heights, as far as net income is concerned.

People fail to understand that whenever the farmer's income declines his purchasing power declines, and it is immediately felt by business and industry all over the country, almost immediately. In my particular Midwest section of the country the minute farm income declines it is felt in every little store on Main Street. It is felt in the stockyards in Sioux City. It is reflected in the markets all over the country.

If it had not been for price supports, surplus removal, and marketing agreements the farmer's net income last year would have been $3 billion less than it is now, or 25 percent less, according to some of our most competent economists. If it had not been for price supports we might well today have a recession.

Our present program of price supports, surplus removal, and marketing agreements covered 70 percent of the value of all crops produced, livestock, and livestock products last year. About 90 to 95 percent of our farmers producing crops and livestock for market were directly or indirectly benefited by existing stabilization and marketing agreement programs, thus preventing further impairment of agricultural income.

Does anyone want to take such benefits away from the American farmer? Farmers have already voluntarily limited the acreage of major crops in order to bring production into balance with consumption. Now under cross-compliance provisions of basic law already being enforced by the Secretary of Agriculture for wheat, the farmers will have less acres than ever before. This all means less income. If it applies to wheat it can be applied to corn and to other commodities. So in substance the opponents of this legislation are saying, "Well, Mr. Farmer, even though farm income is going down and even though things you have to buy are still sky high and even though you are in a price squeeze, and even though you have taken out of production voluntarily and through cross-compliance regulations many of your tillable acres, and even though all of this will make it very difficult for you to maintain your normal income, still we want to assure you, Mr. Farmer, in spite of all these handicaps we want to guarantee you less income than you had before." That simply does not make sense in my book economically or otherwise.

In this connection, it should be carefully pointed out that unless Congress acts the 1949 Agricultural Act will take effect in 1955 supplanting the 90-percent parity supports for the basic crops for a system of flexible supports that may drop the support level for several major crops to around 75 percent of parity. Such a sudden drop of prices would be dangerous to American agriculture and the whole economy as well. If this were to happen it might well mean the complete ruination of many an American farmer.

It behooves us, therefore, to stop, look, and listen.

There are certain fundamentals in the field of agriculture which must be emphasized and which we should never forget. Many segments of our economy seem to forget that an equitable price for farm products is absolutely essential if we are to generate income which will maintain employment and prosperity. In other words, agriculture must have an income that will enable it to buy its proportionate share of our total production of consumer goods. I am sure there is complete agreement on that score.

The farmer today is caught in a price squeeze. This squeeze, which has reduced net farm income in the past several years, remains a continuing problem. It must be solved. Prices for almost everything the farmer has to buy remain high while prices received for agricultural products have diminished much below the high points reached during the Korean war. It stands to reason that when the farmer's income diminishes he, in turn, will purchase less consumer goods. In fact, he is most likely to buy only those things which he actually needs to carry on farm operations and to support his family.

The farmer is rather unique in our economy. He has nothing to say about the cost of the things he has to buy. Someone else sets the price for his plow, tractor, or combine. Someone else fixes the wages he is required to pay his hired help, such wages usually being fixed by competition with high wages in the city. Someone else fixes the farmer's taxes, determines the amount of his insurance, and his costs of transportation. Someone else tells him what he has to pay for his feeder cattle and other livestock which is not raised on the farm. In short, the farmer usually pays whatever the seller demands.

On the other side of the picture the farmer has very little, if anything, to say about the price of the things he has to sell. When he takes his cattle to the livestock market at Sioux City or Chicago, he takes what the buyers offer him. If he does not like the price his alternative is to take the cattle back to the farm. Usually he thinks twice before doing this. He takes his cattle to market when they are fat and ready to sell. Keeping them for any length of time thereafter simply is not good business. So it goes when the farmer hauls his grain to the country elevator. Upon delivery he takes what the elevator operator offers him. If he does not like the price he has the privilege of taking the grain back to the farm. The point I want to emphasize is that almost everyone except the farmer himself determines the price of the things he buys and the things he has to sell.

Keeping in mind that the farmer is really in a cost-price squeeze, please remember that he is the same fellow who is being called upon to provide the food and fiber not only for the people of the United States but for many other areas of the world. I have yet to hear anyone advocate that we here in America should reduce our standard of living. We all like to eat "high on the hog." Today the American farmer is feeding 160 million people in the United States alone. It is estimated that at our present rate of growth we will have approximately 175 million people in the United States by the year 1960.

We have a hungry world on our hands, and from all the information I can gather, the world's population is increasing more rapidly than the world's food supply. This fact should cause us to stop, look, and listen when we discuss the problem of farm surpluses. The growing world population means that if people are to be fed the farmer must produce more agricultural products rather than less in the years that lie ahead.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. HILL. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield.

Mr. McCORMACK. Might I also observe the farmer and agriculture in America is an important part of our national defense.

Mr. HOEVEN. There is no question about it. There would be no national defense if it were not for the American farmer who is producing food not only for our own people but for our Armed Forces.

The growing world population means that if people are to be fed the farmer must produce more agricultural products than less in the years that lie ahead. With few exceptions, we have already reached the saturation point as far as new farmland is concerned, so if we are to expand production to meet an expanded population, we will have to increase the productivity of the land.

We hear much discussion these days about farm surpluses, and I frankly admit they do present an aggravating problem in many instances. By and large, however, I would rather have an economy of abundance than an economy of scarcity, world conditions being what they are today. It is not the farmer's fault that we have these surpluses. During the war he was asked and implored to produce and produce, and he did.

Many of the surpluses are over-emphasized and over-magnified. Take, for instance, the situation in corn. They say we will have on October 1, 1954, a carry-over of some 900 million bushels which only constitutes about a 3 months' supply, with which we must feed the entire livestock population of this country. Corn is no problem. I do not know of a single witness before our committee, including the Secretary of Agriculture, farm leaders or anyone else who said that corn constituted a surplus problem. Our supply of corn may be a blessing in disguise if we get into trouble.

Corn is the foundation of our livestock industry. Approximately 80 percent of the corn produced in the United States is fed on the farm—and, remember this, cheap corn inevitably means cheap livestock. The higher the price for corn the higher the livestock price will be. Although corn has been supported at 90 percent of parity since 1944, without any controls whatever except acreage allotments, there has never been and does not exist today a burdensome surplus of this commodity. Not only has it helped the feeder by providing a dependable supply, but it has served the consumer by providing a better and more stable supply of food from livestock sources. By stabilizing the price of corn a floor has been placed under the livestock industry. Further, we must not forget that the price-support program for corn has served to place a floor under competitive crops within the commercial corn areas.

It has been charged that the present farm program has encouraged farmers to produce corn and wheat for storage rather than for meat, eggs, and other livestock products. Iowa is the greatest hog-producing State in the Union so let us analyze the charge that has been made. Iowa farmers produced over 19 million hogs for market in 1953. Only four times in history has that total been exceeded. The 19 million hogs produced in Iowa last year was 7 percent above the 10-year average and for this year, 1954, the Iowa hog production total promises to bounce right up near former record highs despite corn price supports. Anyone acquainted with the facts should know that drought had a great deal to do with the reduction in hog totals nationally. For example, 1953 spring crop in the south central States was 32 percent below 1952. Hog production has gone up, not down, in this period when so-called high price supports were in effect. Meat production in 1953 exceeded that of any peacetime year. Consumption of red meat per person at 154 pounds was the highest since 1908. The thing I want to emphasize is that price supports at present levels have not made Iowa farmers quit raising hogs, and hogs eat corn and lots of it as everyone knows. Neither have price supports cut national production of meat and livestock products.

Consumers of the country have the impression that the farmer is responsible for the high cost of food and no one is doing much to dispel that idea. It is my firm conviction that we who are most interested in the farmer's problems can do a much better job of public relations in bringing the facts and the truth to the consuming public.

I would like to point out that food is the biggest bargain of the year 1954. Fewer hours of work buy more food now and better food than ever before. The world should know and certainly the consumer should be advised that out of each dollar the consumer receives as his income only 26 cents is used for food. The other 74 cents can be used for other things. Of the $1 the consumer spends for food farmers get only 45 cents. Thus less than 12 percent of consumer income reaches the farmer.

If farmers gave away their wheat the price of bread would only fall less than 3 cents a loaf. Not only do consumers now get more food for an hour's wage but they get more convenience, wider selections and better quality. The consumer has a wide selection of farm products. He can buy breasts of chicken or he can buy only chicken legs or livers. He can select his vegetables and meats wrapped in individual transparent packages. He can buy his milk in paper cartons with no bottles to return. Few farmers, however, get any of the money that these extra services cost.

Only a part of the food sold over the grocery counter comes from supported farm crops. Much publicity is given to farm subsidies. Some people like to magnify the situation and take great delight in giving misleading information to the country about the cost of our farm programs. Farmers are by no means the only group who have received Federal support at taxpayers' expense. Let us not forget the subsidies to business, the railroads, the airlines, the shipping industry and the subsidy granted to labor by providing a minimum wage.

Consumers can depend on it that their jobs will disappear if farm returns for foodstuffs fall to nonprofit levels. Agriculture's purchasing power creates high employment as sure as general prosperity helps agricultural sales. Farmers today produce so abundantly that 85 percent of our population can choose other kinds of jobs. If farmers were not so efficient, a lot more people would have to go to work on the farm. This is an efficiency that since before the war has increased farm output by 40 percent, doing the job with 17 percent less labor. There should be a better understanding between the farmer and consumer. In the last analysis we are all farmers because we are all so dependent upon the fruits of the soil.

The American farmer is always on the job. The American farmer today faces a great challenge in the light of much criticism which is coming his way. This Nation has demanded much of its farmers in recent years. They have responded in a magnificent way. They will always be equal to the occasion. In fact, the farm problem is a tremendous challenge to all of us who are close to agriculture. Sometimes it seems as if the questions presented cannot be solved. Working together as citizens of a great Nation—not as farmers, not as consumers—but as Americans, we can and will find a solution to the problems which confront agriculture today. What we need is more teamwork and better understanding. In these times of crises we must work together. The Congress alone cannot solve the problems presented to us. Our free enterprise system is still the greatest in all the world. What seems a momentous problem today will disappear on tomorrow. I have great faith in our system and am satisfied that in the long pull we will solve the farm problem as we have heretofore solved economic problems which ofttimes seem unsurmountable but which in the end were solved through perseverance and a determination to come up with a solution.

Mr. HILL. Mr. Chairman, I yield such time as he may require to the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, tomorrow when this bill, H. R. 9680, is open for amendments, I plan to propose an amendment which would incorporate into this bill the provisions of H. R. 8368, introduced by Representative AUGUST H. ANDRESEN, and H. R. 8795, introduced by myself. It is my purpose in taking this time today to call this amendment to the attention of the Members of the House so that they will have sufficient time to give it real consideration.

Perhaps the most important single thing that can be done by this Congress to effectively deal with the problem of the future of the dairy industry and to help in the distribution of the products of milk is to give favorable consideration to this amendment. During and for some years after World War II, Wisconsin fluid milk was very popular. The cities in the East and in the South pled for more milk. The pleas of these cities for more Wisconsin milk were heard throughout our State. At the present time the free flow of milk from Wisconsin to other sections of the country is being stopped by local health ordinances which act to keep out low-priced Midwest milk. Federal milk marketing or-

ders issued by the United States Department of Agriculture have had the same effect.

First let us consider the local health ordinances. One large metropolitan city says that no milk may be sold except from farms inspected by local milk inspectors. These inspectors are prohibited from working more than 40 miles from the city hall. Local health ordinances are used in dozens of ways to keep out low-priced milk from Midwest areas.

Second, let us look at the Federal marketing agreements. They have kept class I fluid milk prices at such a high level that the result has been to increase milk output in city milkshed areas. Just last year there were 49 Federal marketing agreements in force. Over 44 percent of the milk coming into these areas was surplus milk which could not be sold as fluid milk. These Federal orders have encouraged building up huge surpluses in these selected milksheds because of monopoly prices and distant producers have been forced out of these same markets. The amendment which I propose will help to clean up the sorry milk-marketing mess. It will strike at the root of the problem which faces the metropolitan consumer. Under this amendment the United States Health Service would be required to set up uniform standards. These standards would take the place of the hodge-podge local milk regulations which in reality are local milk restrictions. This amendment would have the effect of wiping out all Federal milk-marketing orders where local restrictions prevent the free movement of approved milk. The amendment is short and simple. If it adopted, it will be brutally effective in wiping out milk monopolies in the eastern and southern cities where they now exist.

I would like to read this amendment to you, and I hope that you follow it in your copy of H. R. 9680, which has been handed out here this afternoon. On page 51, after line 2, insert the following:

SEC. 602. The Agricultural Marketing Agreement Act of 1937 is amended by adding at the end thereof the following new section:

"SEC. 7. (a) The purpose of this section is to remove those barriers to the free movement of milk and milk products in interstate commerce which now exist because of milk marketing agreements and orders issued under this act and because of various State and local sanitation requirements; and to provide uniform sanitation standards governing milk and milk products shipped in interstate commerce.

"(b) The Surgeon General of the Public Health Service shall prescribe uniform sanitation standards governing the production and handling of milk and milk products shipped in interstate commerce. As used in this section, the term 'sanitary milk or milk products' means milk or milk products produced in a State whose chief agricultural officer has certified to the Secretary of Agriculture of the United States that milk and milk products produced in such State are produced and handled in compliance with the standards prescribed under this subsection.

"(c) No marketing agreement or order issued under this act shall apply to, or be effective in, any marketing area in which any Federal, State, or local restrictions operate to prevent the free marketing of sanitary milk or milk products shipped into such area in interstate commerce.

"(d) No Federal, State, or local law shall operate to prevent the free marketing, in any area of the United States, of sanitary milk or milk products shipped into such area in interstate commerce."

Mr. HILL. Mr. Chairman, I yield such time as he may desire to the gentleman from Utah [Mr. STRINGFELLOW].

Mr. STRINGFELLOW. Mr. Chairman, many critics of the President's flexible price support program have been trying to make a case for high fixed price supports on the insecure and inappropriate grounds that if there is a recession in agriculture, it will be reflected in every business, in every industry, and in the pay envelope of every worker. Now on first glance such a contention may appear to be 100 percent correct and to merit the extreme vocal criticism heard these days about the President's farm program, since farmers do buy and use all types of goods and services manufactured today. But closer examination of the relationship between price and output determination in agriculture and nonagricultural industries shows that the validity of this view not only is greatly overexaggerated but also does inestimable harm in preventing our getting at the basic cause of agriculture's plight. Let me explain in more detail.

As Secretary Benson said in his testimony before the House Agricultural Committee last May:

There is a relationship between farm income and national income, but it is not always 7 to 1, there is nothing automatic about it, and causation does not necessarily lie with farm income.

Years ago, when a large percentage of our people were farmers, the ratio was 2 to 1. During the late forties the ratio was about 7 to 1. Currently it is 10 to 1. A decade or two from now, if the trend toward urbanization continues, the ratio may become 15 to 1. During several postwar years the ratio has not held; farm incomes declined and national income increased.

Even if the ratio were consistently 7 to 1 this would not demonstrate that causation lay with agriculture. If farm income and national income are found to be associated, it still remains to be determined whether the one causes the other, or the other causes the one, or whether they are both the result of a third force. The cock crows at the break of day, but it does not logically follow that he causes the sun to rise.

It is doubtful that a dollar, once it got into the pocket of a farmer, would enjoy the unique distinction of multiplying itself seven times.

There are other ratios that bear a fairly constant relationship to national income. The value of new construction is maintained fairly well at a ratio of about 9 to 1; for sales of Sears, Roebuck & Co., the ratio is reasonably stable at about 1,200 to 1. If blind faith is to be placed in ratios, then one can make a case for maintaining national income through subsidies to our mail-order houses rather than to our farmers. It would be far cheaper.

It is also clear to economists that the orientation of business policy in nonagricultural industries has important consequences for the functioning of the economy. The decisions of individual businessmen influence the pattern and behavior of prices, the amount and variety of goods produced, the level of employment and individual incomes; and, of course, the levels of living of the Nation's population. The existence of unemployed industrial workers and idle equipment in the face of the need for goods and services is the central problem relevant in every sphere of economic activity—agricultural and nonagricultural alike. During the 1930's this factor alone produced a severe curtailment of purchasing power and consequent declines in the total demand for agricultural products in domestic markets. Compare that experience with agriculture's serious depression of the 1920's. While agriculture in general was experiencing very low prices, the nonagricultural industries went merrily on their way enjoying the most prosperous period industry had ever experienced up until that time. Was agriculture's plight "reflected in every business, in every industry, and in the pay envelop of every worker?" No, not at all.

Owing to the close relationship of prices, output, and profits, businessmen have always been eager to increase the degree of discretion and control which they can exercise with regard to the price structure. Such control is made possible by the fact that in the nonagricultural sectors of our economy business units operate under conditions described by the economist as less than pure. Business, as would farmers if they could—for it is a difference of opportunity only, not motive—have been reluctant to permit the course of prices to be determined entirely by impersonal market forces.

Given control over price, which farmers do not enjoy, industry can in general attempt to secure a profit by two methods: First, increasing production, which means maintaining levels of employment and consumption, or increasing them; and second, adjusting production to consumption. When the outlook for profit—the motivator of the free-enterprise system—is poor, businessmen follow the latter rather than the former course of action. This is understandable, but when industry decides to maintain prices, curtail output, and lay people off, as happens during economic recessions, it has significant implications for agriculture: Unemployed labor—remember only 16 percent of our population is engaged in agriculture—means lessened levels of consumption and, therefore, curtailed markets for agricultural commodities.

Our present mild economic recession is primarily due, first, to the fact that with the tremendous drop in demand for manufactured goods, occasioned by the end of the Korean war, the outlook for normal profit is not very good; and second, to a significant decrease in Government domestic spending. Manufacturers, therefore, are disposing of high cost inventories rather than producing, thus resulting in mild unemployment, lower personal incomes, and smaller agricultural markets. Farmers confronted with this situation and coupled with large yields have experienced low prices and incomes. This no one denies. But we should, however, endeavor to maintain farm income at high levels, through methods that encourage efficient production and move farm products into

use rather than into Government storage. High fixed price supports, as the experience of recent years only too well illustrates, leads to the latter, not the former, situation.

As Secretary Benson has pointed out on many occasions, a system of flexible price supports coupled with direct attack upon industrial unemployment is essential for the maintenance of a healthy agriculture. Fundamentally, a healthy agriculture depends upon maintaining a healthy nonagricultural sector of our economy. Our agricultural program, in a few words, must be geared into the general economic policies of this country relating to such matters as money and credit, taxation, wages, social security, public works, and many other fiscal and monetary programs. Demand for agricultural commodities—desire plus purchasing power—fluctuates severely with fluctuations in industrial activity. Therefore, national policies such as those mentioned above, which aim at keeping employment stabilized at a high level, offers the best guaranty of a healthy agriculture—not a system of high fixed price supports.

Mr. HILL. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. HARVEY].

Mr. HARVEY. Mr. Chairman, the House is considering one of the most complex and controversial bills of this session. So much has been written and said, indeed, that it would seem to me a Member from a nonagricultural district would be at a loss to know what the real facts are. So skillfully have fact and fiction been interwoven that I find it difficult, even in my own case, to keep them separated. Moreover, the farm problem is not one problem, as has been so frequently emphasized by our chairman. It is a combination of many problems, some phases of which are in opposition to others, or, if not, in competition at least.

The farm problem is not a new one. It has been with us in one form or another since our country was first colonized. Nor will any legislation passed by this Congress solve it; we can only hope to approach a solution.

Your Committee on Agriculture has spent many months holding hearings, not only here in Washington, but throughout the country. These hearings have been illuminating to me and, I am sure, to all committee members. Permit me to say that the real value of these hearings came during periods of informal discussion when attending farmers really let their hair down. My remarks today will be in the nature of an endeavor to bring to you in brief fashion an analysis of the problem, with special attention given to the problems peculiar to the Midwest.

Legislation dealing with the farm problem is of an evolutionary nature, as it is with most major problems, citing social security, labor relations, and tariff-making as examples. The present status of those enumerated does not satisfy many of our people, nor all Members of Congress, but the status does represent as best attainable a meeting of minds. This does not necessarily mean that in the future, changes will not be made to conform to a newer concept brought about by the ever-changing aspects of our economy. We are even now revising the Nation's social-security program.

I deem it appropriate first of all to discuss those factors which brought about this farm legislation. They obviously are so numerous that in my brief time it will be impossible to touch on all of them. A general statement summing up the factors is relatively simple—we have an agricultural production capacity capable of producing more of many foods and fibers than we can use at home or sell abroad.

Some of our major commodities are dependent upon an export market to take a sizeable share of their annual production. Cotton, wheat, and rice fall in this category. But we are almost 95 percent self-sufficient as a nation so we cannot have a large export market as the British can for example. Since we cannot sell abroad unless we likewise buy abroad, this means that there is a scramble among those depending upon exports for their portion of the foreign dollar. There is then selling competition among various segments of our farm economy.

Those who can visualize a greater prosperity with an expanding foreign market clamor for greater imports, while those whose products would be hurt by such an expansion plead for fewer exports. All of you have heard debate on this subject from the well of this House. I might cite an example of this situation within my own district; indeed, within one city. In this city, where many lawn mowers are made, their manufacturers are being hurt by imports, while nearby another manufacturer makes bus bodies with a high potential outlet for the export market if only trade restrictions were relaxed.

Much has been made of the loss of our foreign markets within the last few years, especially with respect to wheat and cotton. Actually our production of these commodities has been increased since World War II not during it, to meet the demands occasioned by the Marshall plan and its successors. Now that there is no longer the need for economic aid overseas, the demand has dropped to a level comparable with pre-War II. It was relatively simple for the Congress to cut off appropriations for seending food and fiber to needy and friendly people abroad, but the problem of coping with a productive capacity geared to supplying these demands remains with us.

Unfortunately, there is no sign of immediate relief on this score, so the most apparent solution is to cut back acreage to meet market requirements. The question that faced Congress a year ago was: Should we order a drastic cut-back in 1 year or should we make it a more gradual one? We decided on the latter course. This year will mark the second of acreage reduction and it may be that even greater cuts will be necessary in order to bring production in line with demand. It is generally recognized by those who have studied the problem that no scheme of price supports will work until supply is brought in approximate line with demand.

We can bring production into line with present demand, not easily, but it can be done. A problem remains with regard to the surpluses we have accumulated. It is easy to look back to the events of the past 2 or 3 years when these surpluses were accumulated and reflect on what might have been. Former Secretary Brannan could have invoked controls on wheat and cotton then and we would not have them in surplus. At the time, however, it looked as if the Korean war might spread into a worldwide conflagration. Fearing that it might, he not only withheld controls but instead encouraged greater production. World war III did not come, a fact for which we all are thankful.

Secretary Benson is presently taking about the only step he can take and he has met an unhappy situation forcefully. Drastic steps are being taken to bring production in line with demand. He has had such authority from previous acts and while his actions will not be popular in certain areas, it would seem there remained no alternative.

Under provisions of S. 2475, passed recently by the House, we are proceeding to set up an aggressive and practical plan for disposing of at least a portion of our surpluses abroad. This plan has had a trial run during the 1954 fiscal year and has proved successful. This plan will in no way displace goods marketed abroad through the usual commercial channels and it is hoped will enlarge our markets abroad where many of these commodities are needed.

Title II of the bill now being considered takes additional steps toward surplus disposal. This is the so-called set-aside program. It is aimed principally at disposing of surplus dairy products, wheat, cotton, and vegetable fats and oils. With a portion of the above-named surpluses earmarked, the Secretary—Benson—will have authority for disposal through the school-lunch program, the armed services, veterans' hospitals, and other nonnormal outlets.

Because of rather drastic acreage reductions in certain commodities, we will and do have the problem of the use to be made of acres diverted from their normal production. While in some instances there are few if any alternate uses for these acres, in most instances they could be so diverted as to cause undue hardships for the producers of nonsupported commodities and thereby aggravate the overall problem of surplus production. Provisions are made in title IV so that the Secretary will have authority to use a percentage of the funds of the soil-conserving program—ACS—to insure that these diverted acres will be placed in soil-conserving crops with modest incentives to help relieve the shock to the individual farmer's cutback.

The new farm bill also provides for a long needed improvement in our use of agricultural attachés who are stationed in most American embassies abroad. It will bring these attachés, who incidentally have been selected because of special background training such as county agents, within the jurisdiction of the Secretary of Agriculture instead of the Secretary of State. It was my own observation while traveling in Europe in

1949 with my committee that these attachés were not really serving agriculture as they could and should. These men should be assisting our Department of Agriculture in enlarging our markets abroad through their understanding efforts.

Debate upon the price-support features of the bill has attracted most attention. Great emphasis has been placed upon surpluses of certain commodities, particularly wheat, cotton, and dairy products. Dairy products have come in for major criticism, chiefly because they are perishable while wheat and cotton are not.

The dairy problem is a most difficult one for two reasons in addition to the fact that the surplus is perishable. One is that there are no controls over the production of milk and none appears practical. The second is that milk is almost in the category of a necessity. Most of you will recall the furor, almost panic that prevailed in New York City some time ago when that great population center was without milk for even a few days.

The area serving a given city—often termed a milkshed—tries to plan its production schedule to provide customers enough milk during the low-production months of the year, which are in the winter. But consumers use about the same amount of milk in the spring as they do in the winter. In the spring, when the weather is favorable and grass is excellent, the same cows that produced enough for the demand then produce a surplus.

The processors—that is, bottlers and distributors—must figure some way of handling the overflow. It is at this time that their operation interferes with those dairy plants that buy milk entirely for making cheese, butter, and so forth. The surplus milk is converted to ice cream, but when this outlet is exhausted there are only two byproducts to dispose of the remainder—cheese and butter.

The severity of winter also can make a difference in the production at low production time. The last two winters were mild, so that this also increased the surplus. The low cattle market of the last 2 years delayed the usual culling of low-producing cows, adding to the other surplus producing factors. The remarkable fact is that with all these factors, the surplus has amounted to only about 4 percent of normal consumption.

The reduction of the support price from 90 to 75 percent has not had much immediate effect upon supply. It has lowered the cost of these products to the Government but it has also brought additional hardship to the dairymen who, as a group, are probably the poorest paid segment of our agricultural economy. A self-help program has been suggested but as yet is about the only remedy offered and it may not work.

In any event, our city consumers will continue to have their daily supply of whole milk. This must be our primary consideration. As previously stated, this bill does make rather drastic provisions for the Secretary to dispose of the dairy surpluses to the needy, armed services personnel, veterans' hospitals, and others who would not be consumers otherwise.

Some comments I have heard here are distressing to me. It seems the favorite approach of those opposed to the bill is to portray the farmer as an individual selfishly demanding an unreasonable share of the national income; as a person utterly devoid of conscience who is demanding a fat income at the expense of the city consumer. I have heard the farm program declaimed on the basis of the fact that the declaimer knows a farmer who had an income of $10,000, or he knew a farmer who drove an expensive automobile. Such detractors have abandoned reason and commonsense to persuade themselves of the propriety of their stand on an emotional basis.

Actually most farmers resent the necessary regulations inherent in a price-support program. They accept the regulations even as many of their city cousins accept regulations because the alternative is worse.

If I might be pardoned a personal illustration, let me cite the case of our own foster son, who is doing the farming on our family farm in Indiana. Last December, Dick came to visit with me one Sunday morning. He came to talk not about our individual farm problem but about the farm program. This was an unusual experience for us believe it or not.

Dick started out by asking me whether farmers would not be better off if all farm programs were discarded. He explained that he grew weary of defending the farmer every time he went to town and was accosted by his friends there. He was tired of being accused of being a parasite on the Government. The advantages his city relatives enjoyed such as the wage-hour law, unemployment insurance, social security, regulated rates for railroads and communications were—in their opinion—of no importance or consequence or at least nondebatable.

I asked Dick how long he thought he could survive with his market unprotected, buying all the things necessary for the operation of the farm—things produced by labor whose rates were guaranteed. He replied that if the farmer made such a concession it would be his idea that all other segments of our economy should make similar concessions. I had to explain to him that such a step would not happen. His final answer then was that in that case a farm program to protect the price at which farmers must sell should also be protected. I relate this incident because it is typical of many of the statements and opinions offered to me. Farmers just do not like controls and will accept them because they know that the alternative would be much worse.

During recent weeks I have frequently heard the charge made that less than one-fourth of the income from products of agriculture are actually attributable to the so-called basic commodities involved in the support program. While this is technically true if you consider only the cash sales, there are other factors which should be taken into consideration. First of all, corn, the most valuable of all commodities of a crop nature, is not sold as a cash crop except to the extent of about 20 percent. As I will show later it is marketed through livestock, in fact is the backbone of the industry. A floor under corn places a floor under livestock and will raise the income percentage to a much higher figure. An additional factor often overlooked is another phase of the farm program, the marketing agreements. These marketing agreements are more or less arbitrary price-fixing arrangements which apply to fluid milk and certain vegetables or fruits. Add all these features and you have a total of price-supported income which approaches three-fourths of all farm income. I am not complaining but let us be fair and set the record straight. There is a definite relationship between farm income and the income of industrial workers. Following is a table setting forth this relationship. If we persist in driving the income of the farmer further down, the consequences are apparent. The farmer's income is already out of line.

Farmers' cash receipts and income of industrial workers

Year	Cash receipts farm marketings [2]	Production worker payrolls [1]
	Millions	*Millions*
1929	$11,299	$10,920
1930	9,050	8,936
1931	6,369	6,864
1932	4,735	4,680
1933	5,308	4,972
1934	6,314	6,240
1935	7,074	7,488
1936	8,356	8,424
1937	8,819	10,296
1938	7,703	7,800
1939	7,819	9,360
1940	8,332	10,608
1941	11,075	15,288
1942	15,486	22,464
1943	19,358	30,888
1944	20,377	32,136
1945	21,383	27,456
1946	24,564	25,272
1947	29,706	30,576
1948	30,207	32,760
1949	27,944	30,264
1950	28,328	34,944
1951	32,799	40,560
1952	32,373	42,120
1953	30,975	45,864

[1] Annual payroll computed by using payrolls for 1941–51 as given by U. S. Department of Commerce in Statistical Abstract 1953 as 100 and adjusting with Bureau of Labor production payroll index 1947–49=100. Average industrial payroll 1947–49, $31,200,000,000.

[2] Cash receipts for marketing of farm products. Bureau of Agricultural Economics.

THE CASE FOR CORN

Corn is the most valuable—in terms of dollar value, at least—of all crops produced in the United States. The term "basic" as it has come to be applied in the various agricultural price support programs of recent years is a technical one and refers to certain commodities which are granted additional consideration with regard to price-support policy. Corn is technically a basic crop and a real basic crop as well. It is the foundation of our livestock industry. While about 80 percent of corn is fed to livestock on the farm or area where it is produced, the remaining 20 percent becomes a factor in the processing and industrial phases of our economy. The on-the-farm value of our annual corn crop is approximately $5 billion.

There are several factors which should be given consideration in determining

a long-range price-support program for corn. The following are some of them:

CORN IS A DOMESTIC PRODUCED AND CONSUMED COMMODITY

Corn is unique among our farm crops, at least our major one in this respect. Wheat—the next most valuable crop—depends upon domestic consumption to use about one-half of our present average annual production. Cotton, while not an edible commodity but a basic one, is also dependent upon foreign or export demand for use of a sizable percent of our annual production. The export or foreign demand for both wheat and cotton has dropped substantially in recent years and this fact is the principal reason these commodities are being held by the Government through their purchase price support program in surplus quantities.

Very little corn is imported and a very small percentage is exported so that it is not dependent upon an uncertain and varying demand abroad for its use. This fact alone has caused corn to be less of a problem than most of our major farm products.

CORN ACREAGE IS STEADILY GOING DOWN

Within the past 45 years—since 1909—there have been ups and downs in the corn acreage, but the trend has been steadily downward since 1932. The year 1932 was the highest within this period when we had 113 million acres. The depression years were high acreage years, for it was during this period that farmers were trying to meet their fixed costs by greater and ever greater production. By 1944 the acreage had dropped to 95½ million acres. Since then the acres have continued to drop until 1953, when it had dropped to 81½ million. Estimates for 1954 show another half-million drop. Production to meet the needs of the livestock industry has been adequate because of better seed varieties—hybrid—better equipment, and more know-how.

WEATHER CONDITIONS ARE THE YIELD DETERMINER

Corn is grown in 44 of the 48 States but 4 States, Ohio, Indiana, Illinois, and Iowa produce half of the average crop. The influence of weather on corn production is demonstrated by an example. The smallest crop in recent years was 1947 when the yield was 2.3 billion bushels, while the largest was in 1948 when it was 3.7 billion. Both yield results were due almost entirely to weather conditions. In 1947 the acreage was 85 million acres while in 1948 it was 85.5 or an increase of five-eighths of 1 percent.

CORN IS A MULTIUSE CROP

While about four-fifths or 80 percent of the corn crop is fed to livestock on the farm or immediate area where it is produced, the wide variety of uses gives it considerable flexibility. This flexibility has made for stability both to the corn producer and feeder as well. There is considerable fluctuation from year to year in the consumption of corn. About one-half of the corn crop is fed to hogs. Hog production runs in cycles usually from 5 to 6 years. When hog prices are high production is usually low and vice versa. An example of how the normal economic cycle works will illustrate. In 1948 as previously stated we had a high corn yield. Hog production however, was in the lower phase of the cycle. The surplus corn went into storage. As hog production increased during the following 3 years, the reserve supply was drawn from storage and consumed. We are now passing from the low-production-high-price phase of the hog cycle and our reserves of corn are again high. As the hog production cycle expands this reserve will disappear. Thus the corn support and storage program has helped the corn grower by stabilizing the price from year to year. It has helped the feeder by providing a dependable supply. And it has served the ultimate consumer by providing a better and more stable supply of food from livestock sources. By stabilizing the price and supply of corn a floor has been placed under the livestock industry.

MARKETING QUOTAS ARE IMPRACTICAL FOR CORN

In the case of most basic farm commodities, the supply can be regulated by both acreage allotments and marketing quotas. When a commodity such as wheat is produced in surplus quantities, the succeeeding crops can be controlled by both acreage allotments and marketing quotas. This provides an effective method for controlling production. In the case of corn, however, marketing quotas are not practical. The reason—less than one-fifth of the crop ever goes through a commercial marketing channel. In certain sections of the corn belt, corn is grown as a cash crop and sold for commercial use. In these areas the corn acreage can be controlled because a loan from the Commodity Credit Corporation—CCC—can be denied unless acreage allotments are observed. Since this is the corn that might glut the commercial market and thus disrupt the market for all the crop the present system works effectively in actual practice although it might not seem so as a matter of theory.

CORN HAS NEVER BEEN A PROBLEM CROP

Much has been spoken and written in the past few months about the problem of surpluses, but the fact has often been overlooked with respect to this most valuable of all crops. The present law has been in effect with modifications since 1938 or 16 years. During that period corn has not been a problem. The program has, however, worked effectively to support the livestock industry and helped to stabilize the farm income of the Middle West which is sometimes termed "The Breadbasket of the Nation." The price-support program for corn has served to place a floor under competitive crops within the commercial corn area. Canning crops, as an example, are indirectly supported since the contracting agent—canner—offers a contract which will place such a crop in a favorable competitive position.

FLEXIBLE PARITY AS APPLIED TO CORN

Numerous suggestions have been made with regard to the price-support program as it affects corn. The Department of Agriculture has recommended a variation of approximately 25 cents a bushel as a device to control production. Since a study of the statistics which I have set forth previously shows that weather alone can and has caused a fluctuation of 50 percent in yield and that the average over the years is about right, there would not be too much to be gained by such a device in my judgment.

MODERNIZED PARITY FOR CORN

The present basis for parity is the cost during the 1910–14 period of producing corn translated into modern prices the farmers have to pay. However, there has been substantial improvement in recent years in the methods of production. As a consequence the time required to produce a bushel has dropped significantly. More expensive equipment and land is, however, involved. Taking these factors into consideration the cost has dropped about 10 percent from 1910–14 base period. This is a factual not a policy proposition and I think should be acknowledged. I would therefore endorse the application of the modern parity formula as it would apply to corn. This would drop the support price from $1.60 to $1.45 per bushel.

SUMMATION

First. Corn is not an export or import problem.

Second. Corn acreage is steadily going down; corn prices are not stimulating artificial production.

Third. Weather is the determining factor in the production of corn.

Fourth. The use of corn gives it great flexibility, giving the law of supply and demand an ample opportunity to operate.

Fifth. Due to the fact that four-fifths of the corn crop is used on the farm and never goes into commercial channels, marketing quotas are impractical. While this provision is in the present law it is unworkable—agreed to by all authorities—and is deleted from the bill under consideration.

Sixth. Corn has not been a problem crop. In other words, the present law has worked effectively.

Seventh. Attempting to control production by a price variable would not work since weather exercises far greater control than most any artificial device.

Eighth. Modernized parity should be adopted for corn, thereby using a realistic figure for the average cost of production.

Mr. HILL. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. I would like to ask the gentleman from Indiana if it is true that at the present time, even under the present plans, we have less than 6 months' supply of corn on hand?

Mr. HARVEY. We have right now less than a 3 months' supply on hand.

Mr. SPRINGER. May I ask the gentleman one thing further? Is this not a rather dangerous situation to have less than a 90-day supply on hand in view of our general world situation, and the importance of corn, which the gentleman has pointed out as being far more important than any of the other basic commodities?

Mr. HARVEY. I agree with the gentleman wholeheartedly.

I failed to point out, which I think I should have, one fact, and that is that weather is the greatest factor in the production of corn. The shortest crop we ever had in history was in 1947, and the largest crop we ever had in history was in 1948. The acreage for those 2 years was almost identical.

Mr. POAGE. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. JOHNSON].

Mr. JOHNSON of Wisconsin. Mr. Chairman, it is a distinct honor and privilege for me, personally, and on behalf of my constituents, to lend support to the agricultural bill now before the House of Representatives for consideration. Because of my interest in the deliberations of my colleagues on the Agricultural Committee and the great importance this legislation will have upon the economic future of this Nation. I have diligently followed their work, particularly their hearings on the subject of agricultural legislation to which they have devoted so much time—both here in Washington and in their nationwide tour last summer to talk directly to farmers.

I have never seen and doubt if I shall ever see a group of men more devoted to duty. They have worked under tremendous pressure applied by those who are known as the farm-price "flexers." The committee has had to weigh carefully the provisions incorporated into the bill against partisan agricultural controversy outside the committee. Members of the committee have worked, however, in a cooperative, bipartisan spirit for which they deserve the heartfelt thanks of every Member of this Congress. If the farmers of this Nation ever needed bipartisan support of the Congress, they need it today.

I am going to vote for the bill before us today which, among other things raises the support price of dairy products to 80 percent of parity. But, very frankly, I am disappointed that the committee has seen fit to increase the support level of dairy products only 5 percent. I would be less than fair, however, if I did not give full cognizance to the pressure applied on a grandiose scale by the executive branch of the administration to lower, and keep low, farm income. There is not a better example of this than Ezra Taft Benson's cut in dairy farmers' income from 90 to 75 percent of parity on April 1. If the legislation before us shows any marks or symptoms of a compromise it must be attributed to this pressure and to the interest of the committee in arriving at legislation which they hope will merit bypartisan support in this Congress. At the appropriate time I shall submit for your approval an amendment raising the mandatory support level of milk to at least 90 percent of parity.

I would, for myself, welcome the opportunity to vote for 100 percent of parity for all agricultural commodities, including dairy products. This would only be placing farmers on a par with other segments of the economy. I submit to you—Is an equal wage for farmers unworthy of support from both sides of the aisle?

On March 15, 1954, I introduced H. R. 8388 to extend support prices on dairy products at 90 percent of parity to counteract the "April fool" action of Secretary of Agriculture Ezra Taft Benson which slashed down from 90 to 75 percent of parity the support price of dairy products. This bill, if enacted, would have extended the support prices of such commodities at 90 percent of parity until the Congress formally considered and enacted a price suport program for milk and butterfat. If this bill or one similar had been enacted, dairy farmers at least would have been spared a cut in income as severe as that made by Secretary Benson. What a shame it is that dairy farmers have been made to take a seat at the second table, that their pocketbooks have been flattened out and that the lack of purchasing power has finally resulted in a swift, sure unemployment and a depression in main-street businesses and American industry.

Instead of slashing dairy price supports, why did not Secretary Benson recommend a production payment program such as that provided in the bill before us? Why has he not also come forward with a program to expand the consumption of dairy products both at home and abroad, instead of his shortsighted program of returning dried milk to cows and other livestock in feed.

My bill, H. R. 8600, deals squarely with this problem. If enacted, it would raise the consumption of milk, or its equivalent by 1.8 billion pounds. It attacks the problem of underconsumption and in a forthright and forward manner because it increases allowances of health-giving dairy products to our Armed Forces personnel.

I wish to compliment the Committee on Agrciulture for covering this matter on the bill they have brought before us. While this is not the same method suggested in my bill, the committee bill does encourage more use of milk in the Armed Forces. Later, at the appropriate time, I shall introduce an amendment to require an official report to Congress on how much dairy products are used by the Army under this bill.

The failure of the price support flexers to come forward with a plan for the utilization of our abundant food stocks is more than ample evidence of their limited imagination and vision.

Our ability to make progress in whatever we undertake is looked upon by the great majority of Americans as our greatest American asset. This is not true of the farm cutters in our midst. They still live in the days of boom and bust. They believe the way to progress is to turn back to those days.

I commend the members of the Agriculture Committee for their inclusion in this package bill provisions for a domestic food-allotment program. They have accepted our abundance as a blessing, not a curse.

Numerous attempts have been made by Secretary Benson and his underlings to incite war between farmers and consumers. Not content to stop here, efforts have been made to put the producers of farm commodities against each other. These are the weapons so viciously used to gain support for the flexible program of price supports.

It is of great personal satisfaction to me to report the failure of this strategy. Farmers today realize that they must seek parity for all or become the victims of the plot which has been laid to cut all agricultural prices by inciting civil war in agriculture. Briefly, this has been the strategy: Consumers were the first set against farmers. Following, an attempt was made to set the producers of dairy products against producers of feed grains, of cotton and cottonseed. Then in rapid succession producers of beef cattle were set against producers of corn, producers of feed grains; and the producers of corn against the producers of feed grains.

It is not my purpose to turn the matter of parity or equality for farmers into a partisan issue. On the contrary, I am only interested in getting at the facts necessary to gain support for providing the same measures of income protection for farmers as that enjoyed by other segments of the economy. It goes without saying that farmers must have price protection or be trampled by those who stand to profit from a cut in agricultural prices.

My constituents have left no doubt as to their position concerning the cut in dairy price supports by Ezra Benson. It is because of their interest, evidenced by the volume of mail which has rolled into my office during these past months, that I fought to forestall the action of the Secretary of Agriculture to cut dairy price supports.

Benson's cut has proved to be what dairy farmers in my district have told me it would be—a "bust"—that is, insofar as reducing production is concerned. It did, however, accomplish Mr. Benson's objective of cutting income from milk and butterfat to the bone. Might I suggest Mr. Benson would have done well to listen to farmers rather than his advisers in the select-interest groups who proclaimed that dairy farmers would respond to a price cut with a cut in production. This is, in fact, the real core of the agreement favoring across-the-board cuts in price supports embodied in the Department of Agriculture recommendation on agricultural legislation.

The inaccuracy of Benson and his advisers is now borne out by the Department of Agriculture crop report for June 10. Dairy farmers responded to the cut in price by increasing milk production in April 1954 1 billion pounds over the average production for that month during the period 1943–52. Milk production in May was 11.3 billion pounds compared to 10.3 billion pounds for that month during the period 1943–52.

More than 13 billion pounds of milk were produced in May 1954, setting a new record for total output and production per cow. For the first 5 months of 1954, milk production totaled 4.7 billion pounds greater than the output of the same period of 1953. This is an increase of almost 10 percent.

Dairy farmers concentrated on increasing production to offset the cut in income brought about by Benson.

Even though dairy farmers increased production, sufficient income was not

available to maintain their purchasing power on the same level as under previous price-support programs. Thus they are still experiencing difficulties in meeting high, rigid production costs and in meeting family living expenses.

Since history has taught us that depressions are farm led and farm fed, we must attribute, at least in part, industrial cutback and unemployment to reduced farm income. The best illustration of this is the sharply reduced activity of the farm equipment industry.

Unemployment in May was the highest for that month since World War II. It totaled 3,305,000—more than double the total a year ago. While the unemployment situation improved slightly this spring in response to an increase in construction employment, the improvement made was smaller than usually occurs at that time.

More factory cities are being placed on the list of critical unemployment areas. In May, 17 areas were added to the list of areas with 6 percent or more of the labor force unemployed. This makes a total of 124 such areas.

To continue abundant production of food and fiber—as opposed to scarcity of such commodities—and full parity for farmers means a stabilized United States economy, high living standards for all our people, with enough left to aid the starving, naked people throughout the underdeveloped areas of the world.

Let us not forget the interdependence of farmers and consumers. Let us always remember farmers—producers of food and fiber—consume the products manufactured by industry and sold on the Main Streets, and consumers—producers and distributors of manufactured goods—consume the products of farmers.

Let them not be split asunder. In this regard I want you to hear this editorial that was carried in one of the papers in my district. This is something all of us should keep in mind. I do not necessarily endorse everything this editor says, but this statement is most worthy of our consideration.

[From the Sauk Prairie Star]

DON'T LAUGH AND DON'T GET MAD

At the Democratic banquet in Baraboo a few weeks ago the editor of Labor News at Madison was making an honest effort to understand the problems of a farmer. "What I don't understand," he confessed honestly, "is this parity business. Us workingmen don't ask for parity. All we want is a job."

Don't laugh and don't get mad. The guy just didn't understand. It didn't occur to him that when he loses his job, he goes to the unemployment office and gets a fairly fat check every week until he does get a job. The check isn't his full wage. But, on the other hand, the guy didn't do a lick of work for it. There is a difference, and the difference we'd say offhand is in favor of the farmer.

When an industry converts to war work, Uncle Sam not only pays the conversion costs, but Uncle Sam guarantees the industry a fat profit, more than ample to pay the conversion costs back to peacetime production.

We are not lashing out at labor and industry. Both of them have suffered from some of the same ailments as the farmer, mostly because labor has been busy calling industry names and industry has been busy calling labor names. Most workers are right guys, most farmers are right guys. All of them suffer mostly from a bad press.

What most of the country needs to know right now is that the farmer's overalls aren't patched with silk, his buckles aren't solid gold, and that the only reason he has his hand out toward Washington is because industry and labor—practically everybody except the small-business man—has his hands out toward Washington. The average farmer is willing and eager to eliminate subsidies. But he wonders sometimes if he can make a go of it without a subsidy in a society which subsidizes practically everyone else.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Wisconsin. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. I would like, if the gentleman would permit, to say that there has been much discussion today as to the cost of the price support program to the taxpayers. We have not had a single word to the effect that during World War II the Treasury of the United States paid out a total, in one instance, of $2,102,067,000 through the Commodity Credit Corporation, and in another a total of $2,143,281,000 through the Defense Supplies Corporation. For what purpose? For the purpose of holding down the cost of food to the consumers; in other words, a $4.2 billion subsidy to the consumers of the Nation. Now, none of us kicked about that. I remember when OPA told me, "You, Mr. ANDERSEN, cannot have over 53 cents a pound for your butterfat on your farm near Tyler, Minn. That is all you can get out of your creamery." Had they left me alone, I would have received $1 a pound during the war at Tyler, but the Treasury, in addition, sent me a subsidy check of 17 cents a pound. So I netted about 72 cents for butterfat. I remember shipping a carload of lambs. The OPA ceiling was 15¼, I believe, and the Treasury sent me $3.15 subsidy. Had they left me alone and let me have what I should have had according to the law of supply and demand that the gentleman from Pennsylvania [Mr. KING] wants, I would have received $30 a hundred. I am just pointing out that here is evidence to the effect that we have paid out of the Treasury of the United States $4.2 billion of the taxpayers' money for the purpose of holding down the price of food to the consumers. Certainly, after having spent that amount of money in the past to help the consumer, should we not be willing now to give the farmer a fair price? Is that not justice?

Mr. POAGE. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. MARSHALL].

Mr. MARSHALL. Mr. Chairman, I must first of all commend the members of the great Committee on Agriculture for the patience and courage with which they have devoted themselves to the legislation now before us. They have withstood terrific pressures and have put aside partisan political interests in striving honestly to bring before this House the best bill possible under the circumstances surrounding American agriculture today.

They have traveled many thousands of miles. They have talked not only to the leaders of the great farm organizations of this country but to the farmers themselves. In a very real sense, Congress listened to the farmers and asked their advice in their own backyards instead of waiting here to hand down a mail-order farm plan that might look attractive in the catalog but that just would not fit the facts as they exist.

COMMITTEE LISTENED TO FARMERS

In my knowledge, no committee has ever made such laborious efforts to go to the people to find out firsthand just what kind of a program was needed to meet the day-to-day problems they face. And the farmers responded by the thousands. You need only see the heavy volumes of hearings to know that the farm people of the United States wanted to talk directly to Congress. And to the everlasting credit of the Committee on Agriculture, its members listened.

After these months of hearings in every part of the United States, the committee has spent long hours and many days in serious deliberation on this legislation. Many members of the committee have had long years of service in the Congress and have made great contributions to the welfare of our country by their understanding and knowledge of agriculture.

UNFAIR ATTACKS ON COMMITTEE

As a Member of the Congress, I deeply resent the unwarranted and oftentimes misleading attacks made upon the members of this committee by less conscientious elements of the press and even by the administration itself. To men whose integrity has never before been questioned, these political sadists—if I may borrow the term—attribute base motives for their efforts to improve the lot of the American farmer. They distort truth not only in criticizing the farm programs now in effect but in implying that the committee reached its decision for purely political motives contrary to best interests of the country and its farmers.

Whatever siren song these political hucksters may sing, they forget we were elected by the people of the United States to legislate in the interests of the people of the United States. That is why the authors of our Constitution so wisely provided that the Members of this House every 2 years give an accounting to their constituencies. It was intended that we reflect immediately and accurately the aspirations and desires of the people who are most intimately affected by the laws of the land. If this be politics, surely it is a noble and proper purpose for elected representatives. Through us, the people of the United States express their hopes and their demands for economic justice and they rightly expect us to respond to their wishes. Our forefathers intended that we remain close to the people of our districts so that, knowing the problems of the people, we will keep faith with their mandate.

PROMISES MUST BE KEPT

This responsibility is above party and it lies upon all of us equally, whatever side of the aisle we may sit. Because of this, Mr. Chairman, I regard the House as the most truly representative legislative body in the world and I am all the more proud of the opportunity to share in its deliberations.

Candidates for other offices, including even that of President of the United States, have been known to use fine words to cloak uncertain meanings. For a time it may be possible to rouse cheers from a distant audience by words that do not mean what they say. But our neighbors in our districts are not a distant audience. They know what we mean and want us to mean what we say. And what we say at Kasson they want us to say in their kitchens, and they want it to mean the same thing.

Members of Congress, particularly those who have served as long as many on the Committee of Agriculture have, do not make careless statements. They, like all of us, are accountable to their neighbors for the pledges upon which they are chosen to represent their districts. Farmers to them are not an abstract statistic in a political poll. They are the people who live and work in our communities and who want their voices heard in the Congress of the United States.

ELECTED REPRESENTATIVES SPEAK FOR PEOPLE

I say, therefore, if we must choose between the slick TV slapstick of the opponents of this bill and the sober recommendations of the Committee on Agriculture, it is best that we choose the side of the elected representatives of the people.

How many of us can remember, just a few years ago, the slogan, "Equality for agriculture"? Remember the political struggle farmers had to engage in to obtain economic justice in a nation that had given many special privileges to both industry and labor. Have we so completely forgotten that struggle that we are prepared to sit complacently by while agriculture is driven to the bottom of the heap?

An oft-repeated charge by administration spokesmen is that farmers have priced their products out of the market and that the way to move food from storage to stomachs is by lowering farm income. The fallacy that lower farm prices would bring significant reductions in prices to consumers is ably demonstrated in the committee report itself.

No one can dispute the fact that never before in our history have people been so well fed as they are today. And this food is brought to their tables for a smaller proportion of their wages than ever before. And yet we have political appointees parading through the length and breadth of the land crying calamity and inciting consumers to revolt.

TURN FARMER AGAINST FARMER

But they are not content to turn consumer against farmer, they are even trying to turn farmer against farmer. Their strategy is almost as simple as their economic theories. So simple, in fact, that any child first hearing nursery rhymes knows about the cats of Kilkenny who fought and fit, and scratched and bit, until instead of two cats there were not any. But American farmers will not be fooled by the age-old doctrine of divide and conquer. They will not be taken in by this new breed of city-slicker—the processors and the professors—that holds sway in the councils of professional agriculture these days.

The same spokesmen for the same Department of Agriculture under the same administration do not say the same things in Minnesota as they say in North Carolina. In Minnesota they say, "You do not raise the crops that are covered by price supports." In North Carolina they say, "You do not produce the dairy products you need for your people, so why pay more on the market for them?" This shameful doubletalk plays loose with the facts published by the same Department of Agriculture for which they speak.

COMMITTEE GIVES THE FACTS

Using these facts honestly, the committee report points out that 55 percent of all the crops produced and livestock products sold in Minnesota are protected by price supports. This is a far cry from the 1 percent figure which has become increasingly popular in the mimeographed products of the Department's press agents.

What do they hope to gain by these practices? What do they expect to reap by sowing dissension and confusion, misinformation and ill-feeling? I, for one, do not know.

It is true that we have been accumulating surpluses. But let me remind the "gloom and doom peddlers" of agriculture that this is a tribute to the American farmer and not a curse upon him. It is a blessing for which we should be humbly thankful to God. The abundance of our harvest is surely more comforting to thinking Americans than the prospect of famine and want.

The glib exponents of a supply and demand market are seldom as enthusiastic when demand exceeds supply. How can anyone measure the cost to consumers of even a 1-percent shortage in food production? Yet even the slightest increase in supply strikes fear in their hearts and they raise the banner of the "fear deal" in agriculture.

FARMING IS FREE ENTERPRISE

Mr. Chairman, I think we ought to be grateful each day that our granaries are bulging, that our warehouses are full, and that we are able to feed the hungry who stand sometimes but one meal from the Communist boot. Full production is the best answer that our country can give to the forces of communism conspiring against us. This is free enterprise with a purpose and a conscience and it is the answer to controlled market place of the totalitarian bureaucracy. Thank God that our problems are the problems of plenty and not the problems of starvation and panic.

It has often been said that the highest purpose of government is to do together what we cannot do alone. We are capable in this country of maintaining a prosperous economy in every segment of society—industry, labor, and agriculture. By supplying an abundance of food and raw materials, we can maintain a strong and healthy economy.

It surprises me to find people who talk of full production for industry and maximum employment for labor while at the same time advocating a cutback for agriculture. I am optimistic for the long-time welfare of agriculture in this country. What other enterprise has a product to offer that is so essential to human life? What other enterprise is so truly basic to existence itself? What other enterprise finds its customers growing at the rate of 5 every minute, 300 every hour, 7,200 every day? When more and more people must be fed each day by fewer and fewer farmers, it is certainly safe to say that the market is expanding and not contracting.

THE FUTURE CAN BE SECURE

I know of no other enterprise in which the future is so surely secure if only we will exercise good sense in meeting the passing problems of this hour. By the same token, I can think of no future so bleak as one in which the shortsighted policies of today result in food shortages for tomorrow. Agriculture may be destroyed in a year, but it will never be restored in a decade.

Any balanced program for agriculture for the present and the future must provide for wise use of our land through soil conservation. And soil conservation is everybody's business. It requires that farm income enable the farmer to carry out good practices that benefit not only him but every generation that follows. The tremendous increase in population which we are now witnessing gives sharp urgency to the need for better soil conservation now. Every acre of topsoil carried down to the sea is an acre that can never be recovered. It is lost not only to the generations unborn but to those living today and next year.

ENCOURAGE SOIL CONSERVATION

Because our pioneers looked ahead we are a nation prosperous beyond precedent in the history of the world. But soil conservation is a battle never won and we must continue to look ahead if we are to continue our remarkable growth and if we are to supply the food that our next generation will need. Soil conservation does not just happen, it needs to be encouraged by all who will benefit from it. And there is no better way than by general prosperity for agriculture and specific programs of conservation.

Because I believe in the future of agriculture, I think it is wise that we do all in our power to improve our marketing machinery in order that we can continue to give consumers the benefit of the high quality products they now receive. It is important that we use the tools of research and education to bring know-how from the laboratory to the farm. It is important that we wage relentless war against the diseases and pests that ravage our crops. It is important that farmers obtain the necessary credit to carry on a good farming operation that benefits from all of these efforts. All of these programs are as important as REA, which lightens the burden for the farmer and his wife by wise use of labor-saving devices. When we see all of the elements that go to make up a prosperous and expanding agriculture, it is hard to understand the defeatism and fear some politicians are trying to foist upon us.

PARITY ITSELF IS FLEXIBLE

Why has our Department of Agriculture, which has so long spoken for the American farmer, failed to present a workable program for agriculture? Why does it speak for scarcity in a land of plenty? And what do they mean by flexibility? Is not parity itself flexible?

Mr. Chairman, I have no quarrel with those who consistently and firmly oppose any price-support program. I respect their views, though they differ with mine. But I fail to understand how anyone on the basis of our past experience can possibly believe that flexible supports will do all of the things their proponents claim for them. Every control that is necessary to make a flexible program operate is an extension of the same control under a so-called rigid program except that more controls are necessary.

PRESENT DAIRY PLAN ANSWERS NO QUESTIONS

The dairy program as administered by the present Secretary of Agriculture has created within the dairy industry more uncertainty and disaster and has given fewer answers to pressing problems than any program ever put into effect by either of our past administrations.

The farmers of our country realize that adjustments need to be made from time to time. They have shown their willingness to make these adjustments for the good of all. But they fail to understand why they alone should bear the expense of these adjustments when business reconversion payments reach $50 billion, or almost 40 times as much as the total loss on farm programs in 20 years.

LOWER PRICES AND LESS ACREAGE?

By what wisdom or logic does our Department of Agriculture ask for lower prices and less acreage at the same time? Is this an admission of weakness on the part of the Department of Agriculture? Why are regulations being written to take from farmers the control of their own agricultural programs? The USDA advisory committees are more and more mere front organizations for the processors and professors and give less and less consideration to the recommendations of the farmers themselves. Can you imagine a department of commerce controlled by the heads of our labor unions? Can you imagine a department of labor controlled by the heads of industry and business?

FARMERS LOSING CONTROL

Yet even in the election of community and county committeemen the present officials of the Department of Agriculture have so little regard for the wishes of farmers as to set up regulations that prevent farmers from taking a full and active part in the administration of their own programs.

Mr. Chairman, even if our Committee on Agriculture could come before this House with a perfect bill, our problems would not end. It is one thing for the Congress to enact a good bill; it is another for it to be properly administered. We well know that good administration can sometimes make up for deficiencies in the law, but bad administration can render worthless the best of laws. Even if this were a perfect farm bill—and no member of the committee to my knowledge has claimed that it is—Congress would have a difficult time getting it carried out with the present defeatist attitude in the Department of Agriculture.

So far as I know, not a single top-ranking official of the Department has been brought in to administer the program that is sympathetic to an effective price-support program.

GOOD FAITH NEEDED IN ADMINISTRATION

Mr. Chairman, I believe that we need an effective price-support program. But it cannot be achieved under the best of laws if its administrators are determined to prove that it will not work.

It is my firm conviction that it is better to build than to destroy; it is better to move forward than backward; it is better to act than procrastinate.

With high confidence and firm resolution we can solve our problems if we recognize our strength and move forward in a spirit of cooperation as we have been guided by the great Committee on Agriculture.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I yield 5 minutes to the gentleman from South Dakota [Mr. LOVRE].

Mr. LOVRE. Mr. Chairman, I rise in support of the bill now before the Committee. Before giving my reasons, however, I am compelled to commend our chairman for his honest, conscientious and courageous work on behalf of American agriculture. In my day I have come in contact with many leaders in agriculture, but never have I encountered a more sympathetic and understanding friend of the actual dirt farmer than our own chairman, the Honorable CLIFFORD HOPE, of Kansas. He is one individual who understands agriculture and its relation to our national economy. He has the courage of his convictions and will not be swayed by political pressure. American agriculture and the American farmer are fortunate to have such a man as chairman of the House Agriculture Committee. The Republican Party is fortunate to have such a man on its team.

PROSPERITY

The prosperity and stability of American agriculture is one of the most important domestic problems facing this Congress. Certainly, no one will disagree with me when I say, what is good for agriculture is good for every segment of our economy and the country as a whole. We have seen what happened to the storekeeper, the manufacturer, the professional man, the laborer, and all others when the bottom has dropped out of agriculture, our basic industry. It has happened, and it can happen again.

PRICE-COST SQUEEZE

Since February of 1951, we have witnessed a gradual drop in net farm income. Net farm income has dropped 13 percent in the last 2 years, while other segments of our economy have achieved new records. Net farm income has dropped 24 percent since its peak in 1947. It has also been estimated that if it had not been for the support program, farm income in 1953 would have been $3 billion lower. This is equal to almost 25 percent of the farmers' net realized income in 1953. Farmers receiving less and less for what they sell and paying just as much as ever for what they buy—that is the problem facing agriculture today. Agriculture has been for some time in what is known as a cost-price squeeze.

GRASSROOT HEARINGS

The committee and its staff, realizing the importance and seriousness of this problem and its effects on our national economy, took to the road last summer to find the answer. We traveled 20,000 miles and into every section of this country, interviewing farmers, businessmen, professional men and all others interested. We held public hearings with no holds barred. We stopped at individual farms and talked to the farmers on the cornpicker, on the plow, and in the farmyard. We took testimony by the reams of all who wanted to be heard. It was strictly a grassroots trip with a sincere desire on the part of our chairman, his committee, and its staff to find the answer.

Since January of this year, we have held numerous hearings trying to solve this complex problem. We have heard all of the national farm organizations. We have listened to countless individuals, groups, and organizations who are interested in agriculture and the general welfare of this country. We have left no stone unturned in trying to resolve the dilemma we now find ourselves in.

The bill now before you, Mr. Chairman, is the result of 2 years of hard work by this committee. Into this bill has gone the combined judgment and thinking of hundreds of witnesses, all of our national farm organizations and others interested in agriculture, our consumers and the country as a whole.

AGRICULTURE INCOME DETERMINES NATIONAL ECONOMY

National prosperity is the goal of every administration. Last Sunday on Meet the Press our Secretary of the Treasury, Mr. Humphrey, stated that the new tax bill was designed to create new and more jobs for an expanding and dynamic economy. This is as it should be, particularly at a time when our responsibilities as the leading nation of the free world are many and burdensome. The Secretary of the Treasury recognizes the need for a strong and expanding economy to fight communism, inflation, burdensome taxes, and the like.

Mr. Chairman, with new and more jobs we must likewise have sufficient income with which to purchase the products created by this expanding, dynamic economy that our Secretary of the Treasury advocates.

I am sure that you agree with me that, of all classes, our farmers are among the largest buyers of processed and manufactured articles. I am sure it would startle all of us if we knew today just how many millions of nonfarm people are living on the purchasing power of farmers. In 1952, farmers purchased over 7 million tons of steel—more than that used for a year's output of passenger cars; 16½ billion gallons of crude oil—more than is used by any other industry; 320 million pounds of raw rubber—enough to put tires on over 6 million cars; 15 billion kilowatt hours of

electric power—enough to supply Chicago, Detroit, Baltimore, and Houston for 1 year. There are owned by farmers in this Nation today 4,400,000 tractors, approximately the same number of cars, and over 2,500,000 trucks.

The 24-percent drop in farm income has already had its effect on industry, labor, and our national economy generally. If this trend is not stopped and reversed, this expanding and dynamic economy that Secretary of the Treasury Humphrey speaks of could become only another dream.

ISSUE

There is only one controversial issue in this bill, that is, the continuation of the 90-percent support program for our basics—wheat, corn, peanuts, rice, tobacco, and cotton—for a period of 1 year. All other commodities are on a flexible basis.

CAMPAIGN

Mr. Chairman, I have never witnessed a more vigorous campaign than has been waged by the proponents of the flexible system. Misleading information has gone out relative to the benefits of the support program. In my State of South Dakota we are led to believe that only 17 percent of our total farm income comes under the support program, while, in truth and in fact, 69 percent of the total value of our crops produced and livestock marketed was protected by price supports, surplus removal purchases, and marketing agreements. In addition to pitting farmer against farmer, there has also been a campaign to pit the consumer against the farmer. The farmer has been made the whipping boy for all of the evils that now exist. In truth and in fact, the present dilemma which agriculture now finds itself in was caused by Government itself and the administration of the support program. The farmer is blamed for the present surplus, the high cost of living, confiscatory taxes, and all the other evils that we are plagued with. He is labeled the "subsidy boy"—all of which is untrue.

An editorial in a leading magazine stated recently:

> The sorriest fact about the farm mess is that the supporters of rigid supports are well aware that they are economic nonsense. The system guarantees for the six basic crops—corn, cotton, wheat, rice, peanuts, and tobacco—a fixed price, no matter how much is needed or how much is produced.

Mr. Chairman, the editor of this magazine knows that this statement is untrue and is made for the sole purpose of confusing the issue between firm and flexible supports. Secretary Benson's decision to impose stringent crop controls, regardless of what kind of support program we may have, is ample proof that any support program must have controls.

The proponents of the 90-percent-support program for basics recognize the fact that with supports of any kind there must be controls. In this respect the farmer is no different from any other person in any other field of endeavor. The manufacturer, the processor, the merchant, in fact everyone, produces, processes, and manufactures only enough to meet the demand which will give him cost of production with a reasonable profit. In fact, I know of no other segment of our economy, other than agriculture, which operates on less than a full-parity concept.

Certainly, no one likes controls, and the farmers are no exception, but the vast majority of farmers we interviewed would rather take production controls than ruinous prices.

SURPLUS

Those who advocate a flexible price-support program contend that lower prices will wipe out surpluses, decrease production, and increase the farmer's income. If this were true, then the early thirties should have been an era of prosperity, but we know that is just not true. The disastrously low farm prices in the thirties not only broke the farmers but practically wrecked the entire national economy.

It is true that surpluses of farm products today are troublesome, but we should thank God that we live in a land of plenty rather than in a land of scarcity. The farmer and the support program are being blamed for these surpluses, but nothing is further from the truth. The truth is that the present surplus is caused, not by the support program or the farmer but by our Government and the administration of the support program. Previous Secretaries of Agriculture have played politics with the program, which cannot be justified. Controls have not been imposed when they should have been, as provided by law.

Further, Mr. Chairman, during the war period our Government pleaded with our farmers to increase their plants in order to provide the necessary food and fiber for our people and our allies. Our farmers responded patriotically, and no one was permitted to go hungry at home or abroad. After the war, it was the policy of our Government to help rehabilitate our allies, and justly so. With the aid of our Government, the battlefields were turned into grain fields, thereby losing the foreign markets to which our farmers had geared their production. This was a noble purpose, and a program to which I subscribe. But that is not all. In addition it has been, and is, the policy of our Government to open our markets to all the world in the interest of international good will but at the expense of our farmers.

Let me give you a few examples.

We have in this bill a wool provision whereby our Government can support wool at any level—90 percent or 190 percent of parity—in order to encourage an annual production of 300 million pounds. This can be done by direct payments to producers if necessary. Our wool producers are not sympathetic to this provision because they do not like subsidies and would rather get a fair price at the market place, but this is not possible under our foreign policy.

In 1942, this Nation had a sheep population of 49 million head. On January 1, of 1953, 11 years later, we had only 27 million head in the United States. Testimony before our committee disclosed that more than 90 percent of the sheep producers of the United States have now been forced to borrow their operating capital, and their position of solvency is so reduced that most of the growers have already mortgaged land and other capital investments in order to maintain their operations.

During all this time of decline in production, there was the 90-percent Government support program in effect. Obviously, it did not work because production has continued to decline throughout that period.

Even with 90-percent supports, low-wage foreign countries were able to ship into the United States and undersell the American grower. The result was the present program has piled up 100 million pounds of domestic wool in Government inventory, while foreign wool continues to take a larger share of our market. The present support program put a floor under the world market, took domestic wool off the market and turned it over to foreign competitors.

Now what should we do about it? We should impose enough restrictions on foreign imports so that the domestic grower can sell in the domestic market. We should raise the tariff high enough so that foreign producers of wool cannot come into the American market and undersell the American producer, who must produce his wool at costs based upon the American standard of living.

Can we do that? Apparently we cannot. Wool is an important segment of world trade. About 50 percent of Australia's income, more than that of New Zealand's national income, almost that much of South Africa's national income and the economy of many South American countries depend to a large extent upon the wool sold in export trade. The United States has been their best customer, but at the expense of our producers. This has been going on for years, and our State Department has failed to recognize that wool production is an important part of our economy and has also been declared strategic.

Congress has provided that when imports threaten our domestic farm support program additional tariffs, or duties, should be imposed, in order to protect the support program, our producers, as well as our taxpayers, from losses under the support program. This provision of the law has not been used for many of our agricultural products, including wool. A recommendation of the Tariff Commission that 10 cents per clean pound be added to the present duty, in order to protect the price of wool up to the support level of 90 percent of parity, has been set aside.

The President has publicly announced that he will oppose any tariff increase because we must not in any way endanger the billions we are spending for defense through breaking down trade relations with such areas as Australia, New Zealand, and South America. Our producers of sheep and wool are the victims of our defense program and cannot survive without immediate Federal assistance. The American market has been taken over by foreign producers under the guise of national defense.

Thus, if the tariff protection needed for the wool industry is to be sacrificed in the interest of national defense, then we must find some other solution in order to keep a healthy domestic sheep

economy. This is essential, because the Congress and the administration have both recognized and adopted the principle that wool production is essential to the national security and the national welfare. The money spent on such a program would be as much in the interest of national defense as is the money spent for guns and atomic bombs. This Nation cannot fight a war without wool.

We believe we have found the best solution possible under these circumstances and which is contained in this bill now before us. Under this proposal, without any regard to parity formulas or parity standards, the Secretary of Agriculture would consider the costs of production and other factors affecting the sheep industry, and would set a price at an incentive level, sufficient to encourage the increased production of wool from its present low of 227 million pounds per year up to a figure of 300 million pounds year year. This is considered by the administration as the very minimum of production for the national security.

Instead of financing this payment through taxes assessed against the general public, 70 percent of the revenues from the tariffs now in effect on wool would be used to finance the program. There is no tariff on wools coming into the United States which do not compete with domestic production, so it is obvious that the tariff now in effect is only for the protection of the domestic growers, inadequate as it may be. Thus the National Wool Act proposed by the administration proposes to make those tariff revenues do double duty. It will protect up to its present level, low as it is, and the money received will be used to compensate the grower through payments for the tariff protection the Government is unwilling to give him at this time. I am not happy with the bill, but it is the best we can devise under the circumstances.

Mr. Chairman, as with wool, our surplus of feed grains—oats, barley, and rye—is due primarily to our foreign policy of permitting imports to come into this country in direct competition with our home producers. According to the Department of Agriculture, I find the import of oats jumped from 3,231,000 bushels in July of 1951 to 68,593,000 bushels by July 1, 1953; barley from 13,915,000 to 24,910,000 bushels; and rye from 3,450,000 bushels to 5,564,000 bushels. For the first 10 months of fiscal 1954, or from July 1, 1953, through April 30, 1954, I find that there was imported into this country 68,246,000 bushels of oats, 31,307,000 bushels of barley, and 13,468,000 bushels of rye. During the same period, or for the first 10 months of fiscal 1954, the Commodity Credit Corporation, under the flexible-support program for those commodities, took a loss of $3,178,450 for oats, $1,053,138 for barley, and $17,571 for rye. All of this is done in the name of defense, but the farmer and the support program is made the whipping boy.

Mr. Chairman, we have invested billions of dollars in war materials. These materials are not charged as surplus against industry. Food is equally as important and its abundance should not be charged against the farm program, which has protected not only the farmers but every segment of our economy. It should be remembered that after World War II industry was protected against the competition of surplus war material. Trucks and cars and other Government surplus items were kept off the normal competitive market. Industrial war plants were recognized as surplusage, and charged off to war. The Government's investment in surplus foods today is only a small fraction of the annual military budget.

DECREASE PRODUCTION

It is argued that a flexible system of supports would decrease production and increase consumption. Testimony before our committee does not substantiate these statements. The price support on soybeans has been reduced from 90 percent to 80 percent this year, and the Department estimates a 12 percent increase in acreage. Support on corn in noncommercial areas has been dropped from 90 percent to 67 percent, with an estimated increase of 5 to 10 percent in acreage. Flaxseed has been flexed from 80 percent to 70 percent, with an estimated increase of 18 percent in acreage. These figures are from the Department of Agriculture and prove that by dropping the support level you will not decrease production.

The support level for dairy products was dropped from 90 percent of parity to 75 percent on April 1, and I am told that during the month of May of this year, under the 75 percent support level, the Commodity Credit Corporation bought more butter than they did under the 90 percent support program for the like period a year ago, and with very little increase in consumption.

CONSUMERS WOULD BENEFIT

It is also argued that a flexible system would result in lower living costs. This, too, has been proven a fallacy. Let us take a look at a few items on today's prices. If cotton were reduced to 75 percent of parity, it would lower the price about 5 cents per pound. The average amount of raw cotton in a shirt is three-fourths of a pound. This would save the consumer 4 cents on a $2.50 shirt; a housedress, three-fourths of a pound, saving consumer 4 cents on a $2.98 or $4.98 dress; a street dress, 1 pound, saving consumer 5 cents on a $5 to $7 dress; a bed sheet, 2⅕ pounds, saving consumer 11 cents on this $2.30 item.

Let us take a look at wheat. The value of the farmers' wheat in a 1-pound loaf of bread in 1953 was 2½ cents. The average sale of 1-pound loaves during 1953 was 16.4 cents. The farmer would have to reduce the price of wheat 80 cents per bushel to save the consumer 1 cent per loaf. In 1952 the price of the farmers' tobacco going into cigarettes averaged about 55 cents per pound. The farmers' share in a regular-size package was 3.3 cents. To save the consumer 1 cent per package on cigarettes the farmer would have to reduce his price over 15 cents per pound.

In spite of the 90-percent program which some people today so viciously attack and blame for the high cost of living, the fact remains that for 1 hour's earnings today you can buy more food than at any other period in the history of the country. Statistics prepared by the Department of Agriculture show that in 1914 the average factory employee could buy 3½ pounds of bread with an hour's earnings, in 1929 he could buy 6.4 pounds with 1 hour's earnings, and in 1953 he could buy 10.7 pounds. In 1914 the consumer could buy 0.9 pound of round steak; in 1929, 1.2 pounds; and in 1953, 1.9 pounds. In 1914 he could buy 0.6 pound of butter; in 1929, 1 pound; and in 1953, 2.2 pounds, and so on down the entire list of food commodities.

SUBSIDY

It has also been charged that agriculture has been and is being subsidized more than any other segment of our economy. A House appropriations subcommittee in January 1954, published figures indicating subsidies amounting to $45,662,835,506 for business since World War II, a large part of this for business reconversion payments. Our country's farm price-support and surplus-removal operations in the last 20 years have cost only $3,500,000,000, or 1 percent of the value of crops and livestock marketed.

Mr. Chairman, there is one last argument I would like to make. The proponents of the flexible system contend that the 90-percent support program is pricing our farm products out of the world market. This may be true, but it is likewise true of the entire United States economy. United States labor is the highest paid in the world. The cost of producing industrial goods and finished articles in the United States is the highest in the world. The cost of producing our food and fiber is the highest. When anyone starts talking about lowering farm prices to meet world prices they should be consistent and also talk about the necessity of lowering wages and the costs of all items that go into a finished article. In short, they should be prepared to make a case for reducing the standard of living to that of the rest of the world. The farmer cannot walk alone. The farmer cannot be asked to sell in a free market and buy in a protected market. All the farmer asks is a fair chance.

Mr. POAGE. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. PILCHER].

Mr. PILCHER. Mr. Chairman, I came here in February, a year ago, to succeed the late Gene Cox. This is the first time I have been in the well of the House of Representatives. One of the first things I learned is that rooky Congressmen were to be seen instead of heard. The reason I am speaking to you here this afternoon is that I do not believe that there is a man in this Congress who has had any more experience in farming or dealing with farmers than I have. There has not been a year in 42 years that I have not actually planted some cotton, corn, peanuts and potatoes, or had a few pigs and a few yearlings. I started plowing for 30 cents a day 30 years ago and I have farmed every day

since that time. For 30 years I have bought cotton and sold fertilizer and sold tractors to farmers and furnished them with insecticides, and my entire life has been built up with the farmers. I want to endorse this bill 100 percent.

Mr. Chairman, 90 percent of parity is a bare existence for the farmers; 75 percent of parity is complete bankruptcy. These surpluses are not the problems of the farmers. I was chairman of the PMA committee for several years in my county. In 1951, you remember, we were getting letters and telegrams from the Secretary of Agriculture advising us to advise our farmers to increase the acreage and increase the use of fertilizer. Now I am not one who believes in high price supports without having rigid controls. We cannot have price supports and not have controls.

I have the honor to represent 14 counties in southwest Georgia and I think my district is the most diversified agricultural district in the United States. We grow cotton, tobacco, peanuts, sugar cane, oats, rye, satsuma, beans, tomatoes and tobacco. We can grow practically anything in my section of the country that is grown in the entire United States. There has been a movement on, as we have been told this afternoon, to divide the city people and the farmers. The city people are wrong about what the farmers get out of it.

I had 100 acres of cabbage the first of this year, with a ton of fertilizer per acre. The highest I sold that cabbage was at 2 cents a pound. In less than 3 weeks there was no sale at all and we had to harrow it under.

I was down there at Easter and I had 6 acres of tomatoes. The highest price I got for the tomatoes was 2 cents a pound. I was paying 25 cents a pound in Washington for tomatoes at that time.

You can buy 30 pounds of watermelon for 15 cents on the farm this afternoon. That would cost $1.50 in Washington.

We all know it is distribution, processing, advertising, that cause these costs to the housewife. It is not the farmer. The farmer has one of the most hazardous professions in this country. He has to be a weather prophet. He has to be a gambler. He has to be a financier. He has to have an unlimited amount of guts and energy. Any man that can successfully farm can run any business in this country. They talk about the farmers making money. Any farmer in my section who has farmed his entire lifetime and sent his children to high school and accumulated five or six or seven thousand dollars in a little home, we consider a successful farmer. We are small farmers.

This 75 percent of parity will absolutely ruin our section of the country, because I think it will bring on a recession. I know it does not make any difference with this House, but I am giving you what a smalltown businessman's idea of it is.

I borrow about a quarter of a million dollars every year to buy fertilizer, implements, insecticides for these farmers. If this 75 percent of parity is going into effect the 1st day of January, I will not open my business next year. I will tell you why: 90 percent of parity last year was the first year that we really hit it. You can see the tractors in the sheds down there now. They are not buying any tractors, they are not buying any washing machines, they are not buying any well pumps. They can hardly do it now. I would be foolish to scatter that over that section of the country knowing I could not collect it next fall. Unless things get so bad, if we do not have 90 percent of parity, that Congress will do something, we will have a recession, and then we will start back.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. PILCHER] has again expired

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

Mr. H. CARL ANDERSEN. Mr. Chairman, I want to use these few minutes to point out what may happen tomorrow. The main amendment tomorrow will probably be a proposal to reduce the 90-percent-price supports under basics to 85 percent. This would, if agreed to, be a victory for those who follow Secretary Benson's thinking. To accept such an amendment will be a direct repudiation of our President's pledge made in October 1952, to the farmers of the Nation at Brookings, S. Dak.

I am very sincere when I tell you that whoever offers such an amendment and whoever helps put such an amendment through the Congress will cost agriculture in the United States about $2 billion gross income for each 5 percent that the 90-percent figure is reduced. Surely we will not legislate a depression by our action tomorrow. Please study carefully this news report to the effect that farm prices have dropped 4 percent during the past month. Should we not stop, look, and listen?

Mr. Chairman, I fear we are on the economic slide. Just last week I received 82 cents per bushel for my 1953 rye. Today in my district in Minnesota eggs are bringing from 22 cents to 27 cents a dozen. Hog prices are on the way down and it looks like $17 or $18 hogs by October. Bring the price of our corn down 25 cents or so a bushel and you will see a great increase in production of hogs and poultry, and consequent distress in those fields next year. Why? Simply because my farm partner, and hundreds of thousands of farmers like him, will have to feed their corn in order to secure approximate parity for it. He will have to increase his production, and thus further add to the surplus if the commodities he does produce is lowered in price. I personally do not intend to be responsible for knocking down the income of agriculture by agreeing with Mr. Benson and taking perhaps one half billion dollars in 1954 from the corn crop value, and next year an additional one-half billion dollars because of a mistaken reasoning. If this Congress foolishly follows Mr. Benson's suggestion and breaks down the price level of that great corn crop to which the gentleman from Iowa [Mr. HOEVEN] referred, that is the responsibility of those who vote in that fashion. But remember that when you take that billion dollars off of that one crop, corn; when you take away from my partner on my farm the little profit that he makes, weather permiting, in producing corn today, you will lose in gross income for all in America, all along through the economic bloodstream of our great Nation, 7 times that $1 billion, yes, seven billion in gross income which will not be generated into purchasing power. Cut down the 90-percent protection to 85 percent upon our basics, and eventually our entire agricultural gross income will decline to that level. Cheap feed grains mean cheap cattle, cheap hogs, cheap poultry, and eventually an improverished agriculture. Statistics prove that if agriculture receives $1, the Nation as a whole receives $7. In 1932 agriculture received $6½ billion, the whole Nation, $45 billion. In 1947 when agriculture received $42 billion, our great Nation prospered as never before. Now agricultural income is dropping and unless that decline is checked, unemployment and distress will prosper throughout our Nation.

I ask all of you very sincerely as a man whose lifetime has revolved around agriculture to think twice, yes, even oftener, before you support anybody, regardless of whether it may be my good Majority Leader or any other of my good friends, in an effort to reduce the 90 percent price-support figure in section 1. In my opinion if you do support such a move—and I am sincere in this—you will be helping to grease the slide toward the further decline in agricultural commodities. Also, you will help to put people out of jobs all the way up through our economy in these great United States of America. I ask you to think this over tonight before you act on the basic amendment before us tomorrow. I respectfully request that you support Mr. HOPE and Mr. ANDRESEN, whom you have always followed before. They know agriculture.

Mr. KING of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. Surely I will yield to the gentleman from Pennsylvania; the gentleman has always been very courteous in yielding to me.

Mr. KING of Pennsylvania. The gentleman is adding to the argument that has been presented here on the floor that those farmers——

Mr. H. CARL ANDERSEN. What is your question, please, Mr. KING?

Mr. KING of Pennsylvania. I am asking if we have not been under this system of rigid support all during the last 7 years; does not that prove that it will not work?

Mr. H. CARL ANDERSEN. It proves nothing whatsoever. We would have had a ruinous depression following World War II had we not had the price support protection.

We have had a great propaganda campaign over the last year and a half, mistakenly urging the adoption of flexible price support by sincere but mistaken people who do not understand the economics of our great workshop, the United States. They do not know that you cannot harm one segment of our

population without the entire economy becoming dislocated.

To my mind it is extremely dangerous to reduce our farm economy. If you tinker with the basic materials upon which our economy is based, the raw materials produced by agriculture, fisheries, forestry, and mines, you may by such tinkering hurry along a depression in our entire Nation. Please leave the 90 percent as it is.

Mr. KING of Pennsylvania. Will the gentleman yield further?

Mr. H. CARL ANDERSEN. I regret that my time is so limited that I must yield the floor.

Mr. POAGE. Mr. Chairman, I yield 7 minutes to the gentleman from Florida [Mr. MATTHEWS].

Mr. MATTHEWS. Mr. Chairman, I disagree with my colleague from Florida, the distinguished member of the Committee on Agriculture [Mr. HERLONG], because I am supporting this bill that has been brought in by the great Committee on Agriculture. I do not often disagree with my dear friend and able colleague, Mr. HERLONG, who has rendered such distinguished service to our State.

I want at the outset to thank most sincerely the members of the Agriculture Committee for spending at least 2 days this past fall in the Eighth Congressional District of Florida. I believe they know more about the problems of agriculture than any other group in the Congress, and I know that all of us appreciate the wonderful work they have done.

Mr. Chairman, I am for this bill for many reasons. The first reason is because of the fact, as has been explained here today, that the cost to the consumer at the market place is not appreciably reduced because of price supports; and I do think it is somewhat of a pity that we have had in the press and over the radio this fight between the consumer and the farmer, because it absolutely is not true.

For the cotton in a shirt that sells for $3.95 the farmer gets but 30 cents.

For the 5-cent candy peanut bar he gets but half a cent for the peanuts in it.

How can the consumer get a decent break by giving the farmer just a little bit less?

I am told that in 1953—in fact, it is in the committee report—the farmers received $800 million for their tobacco crop which was consumed in the United States. With the local, Federal, and State taxes added to that amount the consumers of that tobacco paid $2,100,000,000.

I heard Secretary Benson on the radio and television several months ago—and many of you heard him when this question was asked him: "Do price supports have anything to do with consumer costs at the market place? If we do away with them would it cost the consumer less?"

Secretary Benson said: "It would not have any appreciable effect." Let me tell those of you who do not go grocery shopping for your wife that you should do so, for it is very revealing. When the support price on butter was reduced it was 3 weeks before it was reflected in the price of any butter I bought in a store near the District.

Let us take another example, if you please. We might assume, "well, if we do not have such things as supports the consumer will get a break, and also the one who grows the product will get a break." Let us take watermelons. The distinguished gentleman from Georgia mentioned watermelons in his State. Last week in the Eighth Congressional District of Florida they were being sold by our farmers for 10 and 15 cents apiece. Yet just yesterday in the House restaurant, and they furnish their food at a modest price, I paid 50 cents for a slice of watermelon. Watermelon is 5 cents a pound in some of the great stores in this area, which means you pay $2 for a 40-pound melon.

Let us take as another example, coffee, if you please. I want to congratulate the gentlewoman from Missouri, who keeps telling us about the millions of dollars the American consumers are losing on coffee. Who are you going to blame for the high cost of coffee? You cannot blame it on the farmers of the Eighth Congressional District of Florida. I believe the high cost of coffee is tied up with the idea of speculation. I believe it is tied up with the idea of a scarcity scare, if you please. I suggest that perhaps a little bit of coffee stored in some bins here in the United States might have a very salutary effect on the price of coffee. So I say again, Mr. Chairman, you cannot prove to me that this is a fight between the consumer, on the one hand, and the farmer on the other.

I am for this program because the cost has not been excessive to our Government. I notice it has been said the program has cost $3.5 billion during the last 20 years or 1 percent of the value of the crops and livestock which were marketed during that period. In that same period I am told, Mr. Chairman, that we have given subsidies to business in the amount of $45 billion. I will not even try to guess the amount we have given in foreign aid, and may I say that I voted for the foreign-aid bill this morning. You know, I am proud I did that for many reasons, one of which is, I am going to say to you: I know this bill is going to pass because the foreign-aid bill passed by a great majority and no man is going to get up and say to the American public, "We are willing to take a more calculated risk, if you please, with those abroad than we are with those in our own country."

I am also for this bill, Mr. Chairman, because the farmer cannot go it alone when other segments of our economy are protected. You protect the railroads, and I believe they should be protected. You give them the right to charge a certain fare. We have the merchant marine subsidized, and I believe in that. We have labor organized, and I am proud of the fact that labor is not fighting the farmer. The laboring man is not saying that the fight is between the farmer and the laborer. You have the public utilities given the right to make a profit. I think that is proper. You give the great corporations, by reason of their huge structure, the right to establish prices so that they may make a fair profit. Now, you have got to do something for the farmer because the farmer simply cannot go it alone.

Also, Mr. Chairman, the farmer must be prosperous if the city people are going to be prosperous. The other day I was up there at Rockefeller Center, in New York City, and I wish the gentleman from New York [Mr. JAVITS] were present to hear about this. There were about 20 of us there from 5 different States. In our group we were from Iowa, Kansas, Missouri, Florida, and Nebraska. We paid $1.40 apiece to go through Rockefeller Center. Why, that guide took in more money from us than one of my farmers made on his cucumber crop this past season. That guide took in more money from us than another one of my farmers made on his tomato crop.

Mr. Chairman, this is not a fight between the city and the country, if you please; it is a common fight that all of us share.

Lastly and most important, I believe in the Jeffersonian ideal of democracy. One important thought in that ideal is ownership of land—the proper caring for land. I do not know much about past civilizations, but I have studied somewhat the civilizations of Rome and Greece. Those civilizations fell to a large extent because of their land problems.

I plead with you Members of the Committee to pass this bill. It is not perfect. There are some things we perhaps would like to have in it, but it is a good bill. It will help the farmers. It is right; it is just, and it ought to pass.

Mr. HOPE. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts [Mr. HESELTON].

Mr. HESELTON. Mr. Chairman, there is no doubt but that many portions of this bill are not only in accord with recommendations made by the administration, but carry out long needed revisions in outdated national agricultural programs. To that extent the committee is certainly entitled to our appreciation and the appreciation of the country as a whole.

It is very unfortunate that the most controversial provision of the bill is title I, which would require 90 percent of the parity price for the 1955 crops of any basic commodity, is a definite rejection of the proposal of the administration of flexible price supports. Although there have been some efforts to becloud this fact, I was glad to note that the very able chairman of the committee [Mr. HOPE], frankly admitted that this was true in his opening remarks this afternoon.

This is a clear instance where those who do not wish to support this part of the President's programs will vote for title I and those who want to support that program can do so by voting for an amendment striking the 90 percent provision.

The President has made this evident beyond any doubt on a number of occasions, the latest being at his news conference this morning which we can all read in today's press or hear on the radio and television news programs.

I think that too often many of us are likely to forget some of the facts presented to us earlier in the year by the President personally with reference to the program he has recommended.

I want to make brief references so that the record of this debate will not only be clear but factual. On January 7, in the state of the Union message, the Presisaid:

As we seek to promote increases in our Nation's standard of living, we must be sure that the farmer fairly shares in that increase. Therefore, a farm program promoting stability and prosperity in all elements of our agriculture is urgently needed.

May I emphasize the words "all elements of our agriculture."

I do not think that any member of the committee will seriously dispute the fact that the existing program and the proposal of the committee for the continuation of price supports in title 1 has been and would continue to be most unfair to those engaged in agriculture in New England and throughout the northeast.

I obtained this afternoon from the Department of Agriculture information as to the percentage of total cash receipts in the New England States from the basic commodities. It is as follows:

	Percent
Massachusetts	4
Connecticut	12
Maine	0
Vermont	0
New Hampshire	0
Rhode Island	0

What is true of New England is obviously true in the Northeast and elsewhere. And this destroys completely the argument that a continuation of the present rigid 90 percent program is in the best intrests of all American agriculture.

After referring to the war-time purpose of encouraging maximum production of many crops, you will recall that the President pointed out that we now had reached a point where production far exceeds present demands; where the borrowing authority of the Commodity Credit Corporation was nearly exhaused; where surpluses in gigantic quantities existed and where we had been priced out of domestic markets and world markets.

He pointed to the two clear alternatives. First, the imposition of still greater acreage reduction for some crops and the application of rigid Federal controls over the use of diverted acres. He stated that this would regiment the production of every basic crop and would place every producer of such crops under the domination and control of the Federal Government. He condemned this alternative as contrary to fundamental interests, not only of the farmer, but of the Nation as a whole. He then pointed to the second alternative of permitting the market price for these proucts gradually to have a greater influence on the planning of production by farmers while continuing the assistance of the Government. He commended this as a sound approach. He then continued:

Building on the agricultural laws of 1948 and 1949, we should establish a price-support program with enough flexibility to attract the production of needed supplies of essential commodities and to stimulate the consumption of those commodities that are flooding American markets.

At the conclusion of this portion of the state of the Union message, the President said:

I have chosen this farm program because it will build markets, protect the consumers' food supply, and move food into consumption instead of into storage. It is a program that will remove the threat to the farmer of these overhanging surpluses, a program, also, that will stimulate production when a commodity is scarce and encourage consumption when nature is bountiful. Moreover, it will promote the individual freedom, responsibility, and initiative which distinguish American agriculture. And by helping our agriculture achieve full parity in the market it promises our farmers a higher and steadier financial return over the years than any alternative plan.

On January 11, the President sent his message on agriculture to Congress. The entire message is worthy of serious restudy by all of us, but at this moment, I wish to quote only two paragraphs. They are as follows:

Sixth. No single program can apply uniformly to the whole farm industry. Some farm products are perishable, some are not; some farms consume the products of other farms; some foods and fibers we export, some we import. A comprehensive farm program must be adaptable to these and other differences, and yet not penalize one group of farmers in order to benefit another.

Seventh. A workable farm program must give the administration sufficient leeway to make timely changes in policies and methods, including price-support levels, within limits established by law. This will enable the administration to foresee and forestall new difficulties in our agriculture, rather than to attempt their legislative cure after they have arisen.

The minority report of the gentleman from Pennsylvania [Mr. KING] is worthy of the most careful kind of consideration. It analyzes ably the fallacy of the committee bill with reference to the results of high rigid price supports. Certainly, anyone truly interested in a sound agricultural program can adopt his analysis of the committee recommendation.

I want to refer in particular to his discussion of the cost of the program, not only as of now, but in terms of present facts carried on into the future. This should be considered in the light of what seems to me to be a most erroneous presentation of the fiscal results of this program in terms of realized losses. I doubt if anyone can dispute the conclusion that he reaches that the total expenditure of $23 billion of taxpayers' money, and the end is not in sight. Certainly he is entirely right when he states:

In the face of these facts there are still people trying to make the people believe that these programs are not costing anything, and that the Government has made a profit on them.

One of the most conclusive pieces of evidence as to the soundness of this conclusion reached Congress this afternoon when the President forwarded Secretary Benson's request for an additional $1,500,000,000 for the borrowing authority for the Commodity Credit Corporation in terms of the possibility that the existing program would be continued.

The vast cost has been paid by the taxpayer. It has thereby increased their cost of living. Yet it is now proposed to continue that increase. And it will be for the benefit of a relatively few farmers with far the larger amount of price supports going to those engaged in agriculture who need them least.

Many of my constituents are engaged in substantial agricultural pursuits. I also have many constituents engaged in nonagricultural pursuits. I know that the best interests of all of them would be served by the enactment of the President's recommendation and unless someone else offers an amendment to carry out that recommendation so far as price supports are concerned, I shall do so.

I am convinced that all of us in the northeast, whether we represent people engaged in agricultural pursuits or people engaged in other activities, or both, will be acting in their behalf by supporting such an amendment. All of us realize that all of our constituents are consumers. If, because such an amendment is rejected and the committee recommendation is adopted, the result in the coming months is an increase in the cost of farm products to the consumer, I am certain that those who are adversely affected will resent any indifference on our part to their legitimate interest so far as this bill is concerned.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. The gentleman says that we should follow the President's recommendation relative to title I.

Mr. HESELTON. I do, sir.

Mr. H. CARL ANDERSEN. Well, I sat and listened over the radio to the President's speech in Brookings, S. Dak., just 30 miles from my own farm, and I am following, in my voting, his recommendation made then as a candidate for the Presidency of the United States.

Mr. HESELTON. I did not hear the speech, but I did hear him deliver his state of the Union message, and I heard the agriculture message read, and I intend to follow his recommendations.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I yield to the gentleman from Indiana.

Mr. HARVEY. I would just like to say for the benefit of the gentleman that the committee last fall held hearings in his home State, and while we were there we heard many of the producers of commodities, including those of tobacco, particularly, that I recall, and those folks were very heartily in sympathy with the present program. So, I do not think the gentleman is quite correct when he leaves the impression with the House that nobody in the New England territory is for the program.

Mr. HESELTON. Only those who raise tobacco, and only a small portion of those receive any support. Much of that tobacco is raised in my district and I can assure the gentleman that many

want no part of high, rigid support because they know the inevitable results in other controls which they detest.

In further answer to the gentleman's question, may I read a telegram I received this afternoon?

SHELBURNE FALLS, MASS., *June 30, 1954.*

As president of Massachusetts State Farm Bureau and member American Farm Bureau dairy committee, favor American Farm Bureau position regarding amendments, favor flexible price supports and 75 percent for dairy products.

FRANCIS E. BARNARD.

I think I am as close to my own district as anybody else, and I can assure the gentleman—and I respect him and I know that he reflects the opinion in his own district—that there are many of us in this country that know what this program has done to our own farmers and we are not going to permit it to continue if we can help it.

In Massachusetts dairying ranks highest in total income. Poultry farming is next. Those fine people in those activities have been squeezed over the years because of the high cost of feed which they have had to import from the feed-growing areas. They have been forced to reflect that as much as they could in their prices. They know the results and they know one of the main reasons. So do the consumers of their products.

As I have said, I am convinced that neither the producers of agricultural products in the Northeast, nor the millions of consumers there, are likely to look with much favor upon this attempt to block this part of the President's program for all American agriculture.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Maine [Mr. McINTIRE].

Mr. McINTIRE. Mr. Chairman, as a younger member of the Committee on Agriculture, it would be most ungracious for me if I did not take the opportunity, after the many months of hearings and the many miles of travel which it has been my privilege to enjoy in company with the membership of this committee, to express my appreciation of the many privileges of discussion and a chance to visit in the congressional districts of many of the members of the committee, and thereby get the opportunity to understand some of the problems which those members have in dealing with the agricultural situations within their districts.

As I have listened to this debate, I appreciate more fully the tremendous task which has been placed into the hands of our chairman. I wish to express to him personally my deep appreciation of the very gracious manner in which he has dealt with those matters which have been of interest to me and of his kindness in extending to me the privilege of debating with other members of the committee our common problems. We are indeed fortunate to have Mr. HOPE as our chairman.

This afternoon we have been listening to debate and arguments relative to price support. I would particularly call your attention to the fact that this bill covers much more than that. There are many features of this bill which are deserving of more time than they are likely to get. I refer particularly to the provisions relative to agricultural attachés, putting them back under the jurisdiction of the Secretary of Agriculture. I have had a limited experience in dealing with agricultural attachés, but that experience has brought me the conviction that this provision of the bill is most important.

I draw on a background of farm experience similar to that which has been described by the gentleman from Indiana [Mr. HARVEY]. I have spent years dealing with farmers in their credit problems, farmers who were on the verge of bankruptcy. I appreciate to some extent, I believe, the efforts which have been made in legislation to build a firm base under the economy of agriculture.

I have had also rather firsthand experience through direct contact with the potato price-support program which brought upon the potato industry a great deal of criticism, and out of that experience I have become deeply concerned as we approach a decision on this legislation whether or not we are facing squarely up to a solution of our agricultural problem.

I appreciate fully the arguments which have been presented by the members of the committee and were I from their districts, I suppose I would argue along the same lines. But it seems to me this afternoon's arguments have hinged rather closely to justification for continuing high level support, rather than to a concrete solution of the problems which are confronting us.

I want to say very frankly from experience which I have had in the potato program that while acreage control may seem to lead toward a solution of overall production, that that certainly was not our experience. I am afraid to draw the conclusion, but I must, that in the producing areas that are now subject to rather strict acreage controls they will find that they do not have the complete answer to production problems because it is natural for farmers to improve their practices and bring forth from those acres the highest production possible.

I shall support the flexible principle as set forth by the administration. It is not a new position for me. I appeared before the House Committee on Agriculture, as a farmer, at a hearing in Durham, N. H., in 1947 and took the same position. I voted against extension of the 90-percent support 2 years ago. I did not do it because of any lack of interest in the problems of the basics. I have visited their sections and seen their problems. However, I believe it is a constructive step toward a solution of our agricultural problems.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. HARRISON].

Mr. HARRISON of Nebraska. Mr. Chairman, at the outset I want to join my colleague from North Carolina [Mr. COOLEY] and the others who have been so complimentary to our chairman. He certainly has been everything that has been said about him, as I have found him to be since I have been a member of this committee. Appearing as I do here at this particular time, you may know where I stand on this committee. I am at the low end of the totem pole. However, I must say this about our committee chairman, that he has afforded me every courtesy and every kindness that anyone could afford a freshman on a committee. Because of the courtesies he has extended to me, I take it for granted that a few years ago he was at the lower end of the totem pole himself.

I, too, represent a farming district. I have been a farmer and I own and operate a farm at the present time. I am sure I have no monopoly here this afternoon on the desire of the Members of Congress to do something for the farmer. I am sure we all have that desire. However, it seems to me that we have clouded the issue here a time or two this afternoon in trying to do the thing we want to do for the farmer.

I know my good friend the gentleman from Texas [Mr. POAGE] has a very good understanding of the subject of arithmetic, but he has told you in his own words that the Government would lose more at 90 percent of parity than it would lose at 60 percent of parity. I know he knows more about arithmetic than that. Nevertheless, those were his statements.

I have heard it said here this afternoon that the surpluses we have—and the thing that seems to be foremost in our minds here this afternoon is what we are going to do with our surpluses—are a blessing. I am sure that in instances they are a blessing, but if they are going to cause you to go down to an unsuccessful farming career, I am not sure that it makes any difference whether they are a blessing or a burden. It is a good deal like when you die, it does not make any difference whether you are killed or scared to death. It does not make any difference whether this is a blessing or a burden. At the present time these surpluses seem to be somewhat of a burden on the farming industry. That is the thing we are talking most about.

I am sure that the Members who have appeared here before me are sincere in the thing they propose. I have heard and seen crocodile tears shed here this afternoon for the farmer, but I want to say that the farmers in my district, the district I represent, and this is not the best district in the United States, but it is as good as the best, and I would put my farmers and my constituents up against any district in the United States, would tell you that the sooner we get away from Government control and support prices the better off we are going to be.

I want to say this in support of that with the farmers in my area. This has not been mentioned here this afternoon. It is a thing which is uppermost in the minds of all the farmers. We found it to be true in the trips that we took throughout the United States. I was one of those who along with CLIFF McINTIRE made all of these trips throughout the entire country. We listened at length to all of the people who are interested in a farm program. They were interested in a 90-percent support program and they told us that in no uncertain words. But, the people who are interested in a support program are not

interested in the controls that must accompany the support program. That is the thing which is uppermost in the minds of the farmers today. They want the supports, but they do not want the accompanying controls. Those of you who want these support-price programs fail to remember that while we are giving the farmer these high support prices, we are choking him off by controlling his acreage. So I do not know whether it makes a great deal of difference whether the income comes about as a result of the high support prices or because of greater production—I think the farmer would be interested in less controls and greater production. I have a letter which I just received this morning to bear me out in that statement. It comes from a little farmer in Ashland, Nebr., who has raised nine children on his little farm. He has 130 acres on which last year he had 9 acres of wheat. He went to the elevator the other day to sell his wheat. He asked the elevator man if he would take the wheat. The elevator man said, "Do you have a marketing card?" He said, "No, I do not have a marketing card." He said, "I cannot take your wheat." Then the farmer said, "What are we coming to? Are we coming to the Russian plan where everything we have is controlled by the Government?" I think that is the way the farmer feels about these things. I think he is thinking more about that control that is being wished upon him than he is thinking of this 90 percent support, which you people seem to want to give him. I am sure if we take these things into consideration, we will change our minds about high-support prices.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Chairman, $243 a ton, and they call that "peanuts"? No, it is not a typographical error; $243 a ton for jumbos, otherwise known as "elephant food," that once sold for 5 cents a bag, but now pushed so high by a Government price-support program that is out of this world, up in the stratosphere where things do not look the same as they do when down to earth.

They talk about "messes."

Rigid price supports for peanuts are in a class by themselves, defying all competition.

Piling up surpluses, depriving children of old-fashioned peanut bars, curtailing the business of candy manufacturers, and inviting a consumer strike against this fantastic adventure in economics.

This law hurts everybody concerned.

Growers, shellers, crushers, brokers, manufacturers of peanut products, consumers, and taxpayers.

This is not control.

It is suicide by suffocation.

The formula looks so neat and scientific when, in fact, it is a wasteful WPA for agriculture.

Artificially jacking-up prices and producing high-cost surpluses that are a bother to everybody except the needy.

How long do you think the public is going to stand for this nonsense?

Especially when there is no compensatory subsidy for unemployed industrial workers?

The farmers need some protection, that is sure, but not to the point where he is supported, regardless of all other consequences.

The contradiction of bulging storehouses and scarcity prices will lead to a revolt against the whole price-support program, unless a fair compromise stems the tide of consumer resentment.

Government held stocks of peanuts are at an all-time high.

The price of peanuts is more than six times the price in 1931.

No wonder that peanut bars have been forced off the market.

The American people can take it, up to a point.

You cannot impose upon them, however, time and again.

If you insist upon rigidity, so can they, in opposition to commodity prices that are stacked against them.

Why peanuts should get preferred treatment, along with cotton, corn, and wheat, does not seem logical to them.

Peanuts represent less than one-half of 1 percent of the national farm income. During the entire period of the Commodity Credit Corporation's history, from October 15, 1933, to April 30, 1954, the loss on peanuts has been $109,039,923.

In relation to national farm income, the losses on peanuts have been 13 times larger than the losses suffered on wheat.

From 1943 to 1952 usage of peanuts by the confectionery industry was reduced by almost 50 percent. This was not a matter of choice. Manufacturers were compelled to do so by an unrealistic price-support program.

When figured on the basis of the new modernized parity peanuts are priced at 112 percent on parity, the highest of any commodity under support.

Both grownups and children would like to buy peanut products, but they just cannot do it when they are subjected to these pressures.

And you cannot force them to buy at extortionate prices.

Blind and stubborn adherence to rigid supports will defeat itself.

It is the industry that will be left holding an empty bag as demand dries up.

Never lose sight of the fact that your best ally is consumer-support.

If you continue to alienate it, as you are doing, all the compulsory legislation in the world will not save you.

Peanuts are not a basic commodity.

They cannot be shoved down people's throats by the forced-feeding of unworkable parities.

A flexible program is a reasonable program.

Anything else is foredoomed to failure.

Better merchandising methods are better values; real values will recapture lost markets.

If you give millions of children a break they will cut down that surplus in short order.

If you give in a little on price supports you will harvest a better return from consumers who are with you instead of against you. Flexible price supports are your best friend.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Mississippi [Mr. WHITTEN].

Mr. WHITTEN. Mr. Chairman, I wish to congratulate the members of the Committee on Agriculture for bringing out this measure providing for firm price supports for basic commodities against the active opposition of the Secretary of Agriculture and the administration. There are many features of this bill on which I know there are differences of opinion even among the members of that committee.

However, I say again the overwhelming majority has refused to help scuttle the farm program for that is what so-called flexible supports mean. The chairman of this great committee and many Republican members did not subscribe to such provisions in the law passed in 1948 and 1949.

The President and Secretary Benson would put storable basic commodities, on which we have lost only $21 million in 21 years, under flexible supports when those commodities already under flexible supports, which they advocate, lost $1,425,000,000.

They would change the law where we have lost no money, but leave the law alone where we have lost the money.

Mr. Chairman, our President would return for flexible supports the Agriculture Act of 1948, Public Law 897, passed by the Republican 80th Congress.

This law provided for 90 percent of parity support price when there was a shortage of a basic commodity—of course, if there was a shortage there would be a market and no need for any support. But if there was a surplus of as much as 30 percent—and, therefore, a need—then the support assured was only 75 percent.

Many Democrats in my section who supported President Eisenhower are making discoveries.

Many thought that candidate Eisenhower gave assurances of firm 90-percent support prices for basic commodities. However, the Republicans are reading the fine print to us now.

As one Washington newspaper which supported General Eisenhower recently pointed out:

The platform—

Of the Republican Party—

on agriculture favored a farm program aimed at full parity prices in the market place.

The last four words were in italics.

Of course, if the buyers would buy at that price you would need no price supports.

I wonder if the Republican Party has tried to determine why their ticket ran so far behind President Eisenhower. Could it be that the farmers remembered the Aiken bill, which gave complete assurance of help to the farmer when he did not need it and only two-thirds as much when he did need it?

Could it be that the American people were afraid of the flexible-support program, which stretched when you did not need it and was tight as Dick's hatband when the farmer needed help to get his breath.

Now that the Secretary of Agriculture, the Vice President, and others are reading the fine print to us and the Secretary of Agriculture is making speeches, the general tone of which is that a little hardship and privation visited on some us would be good for all of us, Democrats and farm-minded Republicans early last year almost falling over themselves to extend firm price supports 2, 4, and 7 years.

I told a number of people that if the Republican leaders kept their present ideas on farm legislation I thought I would offer a bill to extend firm supports for 26 years—for the remainder of this Republican term, the 20 years they would be out, and through their next term.

I note Secretary Benson says he does not see why they should find fault—that he is carrying out every order the late Secretary Brannan left behind. I thought he was going to improve on Brannan. Why, I made the closing argument in the House debate against the Brannan plan, so to me, a Democrat, Brannan's order is not the complete answer. Yet Mr. Benson has taken over Brannan's plan for wool.

The farm commodities on hand in 1941 saved the day for us and our allies. Today we are building ships, airplanes, guns, atomic bombs, H-bombs, trucks, tanks, storing up everything—for they would be needed as a margin of safety in the event of all-out war. This buildup far exceeds that for World War II. On each item of these hundreds of billions of dollars' worth of equipment, the Government paid cost-plus-a-profit to the manufacturer and fixed pay to the worker. Yet there is great fear of a $1 billion or $2 billion reserve of food and fiber.

Are we in danger enough to spend hundreds of billions on the military? The military people say so. We have acted on that assumption. Then is our food and agricultural surplus too large?

In World War II we asked industry to expand. We paid the bill. We later gave them quick tax amortization. We asked labor to work—they did—we paid them.

We asked the farmer to expand his plant. We did not pay him. We gave him no firm contract. We promised only to support his production of basic commodities at 90 percent of the comparative gross purchasing power which he had in 1904–14, when his farm was 70 percent land, when out of his gross he did not have to buy expensive farm machinery and equipment, which is more than half the value of today's farm. And with those farmers who did not produce the six basic commodities, their support price, if any at all, was usually 60 percent of the comparative purchasing power the farmer had in 1909–14, when his house went unpainted, his boy or girl had to work their way through school, and the average farm family did not enjoy ordinary conveniences.

We spent $4 billion on consumer subsidies during the war. We paid out over $14 billion to get industry to convert and expand during World War II, and have spent much more since then. Shall we complain at the job the farmer has done at less than $2 billion expense, if we count the value of what we have on hand?

Mr. Chairman, 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.

When everything else is going up, the administration says let us have sliding scale supports.

Mr. Chairman, let me show just where the cost paid by consumers goes. It is not the farmer who gets an ever-increasing share, but rather the opposite. I would like for the Members to look at these charts which show the true picture.

For instance, in answer to the statement that is frequently made that the American farmer is pricing himself out of the domestic market you will note from this chart that today 1 hour of labor will buy more bread than almost ever before. The same thing applies to steak; it applies to milk; it applies even to butter. It applies to bacon, it applies to eggs, it applies to potatoes, and it applies to oranges. In other words, in spite of the fact that agricultural prices have been supported and that the Commodity Credit Corporation has on hand certain stocks that I will talk about a little later, you will find that even on a comparable basis the factory worker can buy more agricultural commodities than at practically any time in history for 1 hour's work. Why is it the American people are not told of these facts instead of being told things that serve to incite opposition to some equal treatment for American agriculture?

You will note that in 1947 a loaf of bread, which is a common article of food, that in 1947 the American farmer got 2.9 cents out of a loaf that sold for 13 cents. In 1953 the farmer got only 2.5 cents out of a loaf of bread that sold for 16.4 cents.

Why is the Department of Agriculture not telling the American people these facts? These come from the statistics of the Department and they are facts which should be told.

Another thing that has been pointed out so frequently by the Secretary of Agriculture and by so many others in an effort to inflame the city consumers against the farm program is the fact that most of these increases in farm production came at the request of the Federal Government.

Here is a record of the production goals—which means requests made of the American farmer by the Federal Government for the period of years 1942 to 1952—with the exception of a very small amount in 1952—for this period of years from 1942 to 1952 the Government of the United States was asking farmers to increase their production to meet the needs of the American people and of our allies in this period of international trouble. Not only that, but for this number of years the Government also established export restrictions and in some instances an outright embargo on the shipment of agricultural commodities and not shipping these agricultural commodities into world trade even though world prices were much higher than the domestic prices that the farmers were getting. These are facts that exist, these are facts that are found in these hearings. They are not the facts that you read in the speeches of those who would wreck the present farm program in favor of what they call flexible supports but which I term to be sliding-scale supports.

Mr. Chairman, I happen to come from a cotton section of the country. There are many things involved in this. In the first place, notwithstanding the quantities of cotton you have on hand, the American Government has made money on all your price-support programs on cotton. Cotton will stay in storage for as long as 40 years. The supply of cotton that we had on hand when World War II occurred practically saved us. That was true not only in connection with that one commodity but other commodities as well.

COMPETITION FOR LAWS

We are a country of laws. There is competition in this Congress, like there is everywhere else, as to how a law is going to be written. For instance, we have a law in reference to a standard quality of shirt with a standard mark. This is true of many other commodities also. If they get an agreement among the merchants in many cities in many States to sell at a certain price they can require others to sell that same commodity at the same price.

WHO GETS THE CONSUMER'S DOLLAR?

If you will look here as to the division of your cotton dollar, you will see that the cotton grower gets 13.3 cents out of the dollar, the ginners about seven-tenths of a cent, the merchandisers 1.3, the manufacturers, dyers, and finishers 18.5, the manufacturers of apparel and household goods 29.2, and the retailers 32.1 for buying the goods and offering it for sale again. The wholesalers get 4.9 cents.

I make that point not to complain about the markups, though in some instances you might think they are un-

reasonably high, but to point out where your dollar goes. If this were a standard make shirt with a regular name and if one merchant were to agree to sell it at a fixed price set by the manufacturer and that price is $3.64, the farmer would get 31 cents for his cotton in that shirt. Furthermore, if the farmer gave the cotton for nothing, there is no reason to believe that the shirt would be reduced in price at all as long as the buyer would buy it at $3.64. As long as one merchant would offer it for sale at $3.64, in most areas of the United States, because of laws we have written, the other merchants would have to sell it at $3.64. I am not saying that there are no faults with the present farm program. I do say those faults are not the cause of the things that are being pointed at today as being a reason to abolish or seriously damage the existing farm program. In other words, we have heard lots of statements about the high price of beef. This shows you that out of the beef dollar the marketing share is 36 percent, while the farmer's share is 64 percent from which of course he pays his cost including depreciation. Then again we see in this economy of ours that when the farmers' prices are drastically reduced, as much as 40 percent, we see precious little change in the retail price. Why? Do you know of any merchant whose commodity will move at regular prices that will reduce those prices as long as people stand in line as they do in Washington to buy those commodities at the price fixed? Is there any reason to believe that private enterprise is going to reduce just because they can under our system?

IS THE CONSUMER GETTING LESS?

The next thing we find is the statement to the American people that due to the high cost of food, due to the high cost of the price-support program, the American consumer some way is being injured. The record shows that the American people are eating 12 percent more nutritious food, good food, on an average, than ever before in history. The record further shows that the individual is paying a less percentage of an hour's time of work to buy that food. Whatever the conditions are surrounding the price-support structure, the American consumer, on a comparative basis, seems to be doing all right.

I think it should be pointed out that the American people today are paying approximately 23 percent of their income, on an average, for food, while the people in the rest of the world pay on an average approximately 70 percent of their income for food.

It is easy to see why they are not able to buy the automobiles, the refrigerators, and the television sets that we can here in America, since we have 77 percent left after buying the food in America to buy all these other commodities, while the rest of the world, on an average, only has 30 percent left.

In 1953 the farmer received 2.5 cents out of 16.4 paid for a loaf of bread. In 1947 he got 2.7 out of a 13-cent loaf.

As I have tried to point out many times, beginning with the first session of the first Congress in this country of ours, the fight was on to write the laws. Competition was on as to how our laws would be written, and various advantages have been written into the laws by folks who believed in them and thought they were essential. In about 1900 we began to have substantial protection for industry, or even earlier than that, but about 1900 we began to place advantages—I will not say unfair advantages, but advantages—to take care of the wages of industrial workers. This is no attack on that situation, but I am saying when you set out through the Interstate Commerce Commission and grant freight-rate increases since World War II amounting to 121 percent, when since 1946 the total cost of the farm commodities from the time they leave the farmers' hands until they reach the consumer has gone up 83 percent, when you say that the high cost of living can be attributed to the producer of the basic raw materials, when actually he is getting a less percentage than in 1946, we are making serious and real serious mistakes. Now, about 40 years ago it took about 4 people who lived on the farm to feed 1 in the Nation. It was comparatively easy for 4 people on the farm to feed 1 in the city, because they could virtually do it with their surpluses, you might say.

Before there was any price support program or any real effort to give farmers or American agriculture its reasonable share of the Federal law, our Nation wasted about 40 percent of our fertile lands, including other natural resources. When the farmer sold for what he could get, farm life was so unattractive and the farmer received such a small share of the conveniences which other segments had that young men and women left the farm and farm life was hard on those who remained, not because of the long hours but because the individual farm had little purchasing power. Where about 40 years ago 84 percent of our population was on the farm, today only 16 percent of our population is on the farm, actively engaged in farming.

FARMING TODAY IS A BUSINESS

Today farming is a business. Our American farmers have a total investment of more than $141 billions and last year spent more than $24 billions making a crop. The investment per farm worker was $18,718 while that per industrial worker was $12,289 in 1953. Due to his large annual investment, today the farmer can lose his farm in 2.7 years.

The American farmer will either have to make enough money to meet cost of production and make a small profit, or else like any other businessman he will let the farm plant go down, exhaust the fertility of the soil, and then move to town like the rest of us. The price of taking commodities from land is going to be paid either by the person who consumes it, uses the commodity, or by the land itself, and we do not have the land to spare. In less than 25 years, at the present rate of production, we will need more than 100 million acres of fertile land—land we don't have—to meet a population increasing by about 3 million a year.

PRICE-SUPPORT PROGRAM NOT THE CAUSE

The existing price-support program is not the primary cause for large agricultural surpluses now in the hands of the Commodity Credit Corporation. In the first place all basic commodities now under a 90-percent support price are contingent upon the farmer's control of his production in line with the foreseeable market, when requested to do so by the Government.

Next, the so-called 90 percent of parity support level does not even assure the farmer cost of production. It attempts to give him the same comparative purchasing power that he had in the base period 1909–14, or on a comparable basis with the last 10 years. In either instance, to be given such assurances the farmers as a group must agree to restrict production in line with the foreseeable market, as set out by their Government when requested to do so.

REQUEST FOR PRODUCTION

During the period 1942–52 the Government requested the farmers to expand their farm plant and to produce ever-increasing quantities of agricultural commodities for the benefit of the Nation and our allies. Firm commitments to purchase these commodities were not made—page 22, hearings.

GOVERNMENT RESTRICTIONS ON EXPORTS

During this period numerous embargoes and restrictions on export of farm commodities were imposed by the Government, which prevented the exportation of many farm commodities at any price, notwithstanding the fact that the world price greatly exceeded our domestic price—page 26, hearings.

SALES POLICY

During this period and up until the last 30 days our Government, notwithstanding the fact that much of this production was held in the United States at the instance of the Government, has followed a policy of holding American agricultural commodities off the world market to enable friendly nations to have the market with American commodities used only to take up the slack—pages 49 and 1120, hearings.

AGRICULTURAL ATTACHÉS

Even our official agricultural representatives abroad—agricultural attachés—are subjugated to the control of our State Department, which has consistently opposed selling American farm commodities competitively on world markets—unless we let the domestic price paid our farmers sag to competitive world levels—and our Government so far has largely followed that course as general policy.

What would American labor say to that if advocated for them? What would American industry say?

FARMERS LARGE CONSUMERS

American farmers are great purchasers of the output of American industry, possibly the greatest single market. They buy on the American market, causing high costs which must be included in

prices received or else they will bleed the land, then go broke—page 173 hearings.

WHY?

Our American price-support system has not priced American farm commodities out of the domestic market. The American people are eating approximately 12 percent more good nutritious food than in 1939. It takes a smaller part of an hour's work to buy food today than at any time in the last 40 years—BAE report.

Many people believe these commodities have been deliberately held here to build up the cost so as to inflame the public against the present farm program. I do not believe the Department of Agriculture has gone that far. However, I do know the butter bought by the Government has not even been offered on world markets, even at prevailing world prices much less competitive prices. I do know the Department of Agriculture has increased interest paid as well as storage fees paid—page 1647 hearings. Why, unless to add to the expense of the farm program?

COMMODITY CREDIT CORPORATION LOSSES

Only approximately $1½ billion of the total Commodity Credit Corporation stocks have been offered on world markets during the last year, and those were offered at prevailing prices, which means the world price was determined, our commodities were offered at that level, our competitors then merely had to give a discount to undersell. Of course, when other supplies became exhausted, countries still needing supplies came to us for the residual amount needed to meet demand. There have been minor exceptions to this general policy, but the policy insisted upon by the State Department to meet international relations has virtually held most American farm commodities off the world market—page 49 and page 1120, hearings—since we have not made the price truly competitive.

INCREASED MIDDLEMAN'S TAKE

Since 1945 the cost of handling agricultural commodities from the time they leave the farmer's hands until the level of the consumer has increased by 83 percent. During that same period the farmer's share of the consumer dollar has $1,850—BAE report.

The American farmer's average income was approximately $850 in 1953. The average comparable income of other workers in our economy was about $1,850—BAE report.

COMPARATIVE COSTS

The cost of our farm program, notwithstanding that most of the cost comes from governmental policy of asking increased production and holding such production off world markets, is far less than our expenses in connection with industry and labor, in connection with World War II and since—page 20, CCC hearings.

The total losses on farm commodities have been approximately $1,200,000,000 in the 20 years of its existence. During the period of war we paid out $4 billion in consumer subsidies. The Federal Government paid out approximately $40 billion in tax amortization to industry and in contract settlements to enable industry to reconvert quickly so as to keep industrial labor employed. Total investment of the CCC of approximately $7 billion is small indeed as compared with the $129 billion we have invested in military materiel—page 20, CCC hearings.

FLEXIBLE SUPPORTS MEANS SLIDING SUPPORTS

It should be remembered that the administration's recommended flexible price-support program, fixing a maximum support of 90 percent, with provision for required supports being reduced to 75 percent contingent upon supply on hand, will become effective automatically January 1, 1955, unless the Congress acts to prevent it—page 70, hearings. It must be remembered that supplies of commodities on hand now under the formula of that law would automatically reduce the required support level for most basic commodities almost to the minimum of 75-percent supports.

It should be remembered too that any basic farm commodity already at 90 percent could flex only downward under the so-called flexible supports advocated by the administration. Support levels on commodities not now under the new parity formula, if placed under the new formula as requested by the administration, would be reduced.

DEPARTMENT SPEECHES

Led by the Secretary of Agriculture, many speeches are being made today to the effect that the farmer and the present price-support system seriously threaten the American economy, and that if something is not done to reduce the amounts going to the farmer under the present program the city consumer is going to rise up and overthrow the farm program. It is my considered judgment that those in control of the Department of Agriculture are doing more to incite such a feeling than any other group. The facts supporting the farmers' position, which I have cited, are all supported by our hearings on the appropriation bill for the Department of Agriculture; but they are not the primary subject of speeches by the Secretary and his group, who in their efforts to build up public sentiment against existing farm programs in my humble judgment are building up opposition to any farm program though they do not intend to do so. This is tragic, in my judgment. Only in the last 20 years has American agriculture had its fair share of laws or has agricultural life offered anything like the attractiveness that other segments of our population have enjoyed. Only during that period have we put back a reasonable share of what we have taken from the soil.

In order to protect future generations we must give real attention to maintaining a sound financial system. It is bad to overdraw at the bank. It is much worse to overdraw on our real wealth, which is the land, the timber, the natural resources, the material things.

COSTS WILL BE PAID

In this day of commercial agriculture the price must be paid. I realize the consumer is paying much for his groceries; but he is paying a smaller percentage of what he makes per hour than almost at any time in history. May I remind you that these high costs come from the fact that there has been an 83 percent increase since 1945 in cost attached to farm commodities from the farmers' hands to the consumer. May I remind you that freight rates have been increased by the Interstate Commerce Commission 11 times since World War II, reaching a total of 121 percent increase—page 138 hearings. May I point out to you that in a $3.69 shirt of a standard make the farmer's share is about 35 cents, and under the law if one merchant agrees to sell the standard brand at a fixed price, the manufacturer can require all other merchants in the same locality to stick to the same price. Thus, if the farmer furnished the cotton in such shirt for nothing there is nothing in the law that would require the passing on to the consumer of such windfall.

THE NATIONAL DEBT

Mr. Chairman, we are having lots of trouble living with a debt of $265 billion. But the records of our country will show that for any 5-year period in our history the national income has averaged about seven times the farm income, and we cannot stand a reduction in our national income of seven times the drop we have already had in farm income.

Our high standard of living can be largely attributed to the fact that with our wealth of natural resources it took so few of us to supply food, clothing, and shelter for the rest of us that it left many to supply the automobiles and other conveniences that we enjoy far beyond any nation in history. We must not force back on American agriculture the huge cost which is being attached to his production from the time it leaves his hands until it reaches the consumer. Such costs are attached by reason of minimum wage laws, bargaining power of labor unions, by freight rate increases and by continuing demand of consumers for cellophane containers, washed vegetables and frozen foods, and so forth. The American farmer is in business too, he has a tremendous investment and a huge annual cost. That cost will have to be paid either by the consumer or by the land itself. There is one thing that will put the farmer completely in the saddle, just as he is in the saddle in Greece, China, and India. When the Nation's resources are so exhausted that there is competition for who is going to eat, the man who produces it will be in the saddle, but we must not be so shortsighted in our Nation as to fall for that.

THE ANSWER

The answer, Mr. Chairman, is that this administration must stop the governmental policy of holding agricultural commodities off world markets at competitive prices. The American farmer is entitled to his fair share of world markets at competitive prices, just as he is entitled to his fair share of the laws on our own statute books, in view of protection for industrial labor and American industry. We must retain equal treatment for American agriculture. Then the farmer will be willing to limit

his production to the foreseeable market, domestic and foreign; but not to the domestic market for that would mean his ruin as well as the reduction of the standard of living for the rest of us.

Mr. Chairman, may I conclude by saying that many people, many businessmen today are finding out their welfare is dependent upon the welfare of agriculture. They know it in our smaller cities now. It will not be long before they know it in Detroit, Chicago, and New York.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Oklahoma [Mr. EDMONDSON].

Mr. EDMONDSON. Mr. Chairman, the committee report on the Agricultural Act of 1954 is outstanding in more than one respect. It not only contains a clear and logical discussion of our farm problem—and no honest and realistic American can deny the existence of a complex and difficult problem—but there is also presented in graphic form a great volume of evidence to support the nationwide importance of an effective farm program.

Surely it has become elementary that national prosperity goes hand in hand with farm prosperity, and that danger signals on the farm front are a cause for alarm to all Americans who want to see a prosperous country.

The Agriculture Committee's report is a convincing showing of these danger signals, and every Member whose district includes farm population has already learned at first hand of the increasing distress in American agriculture. Today's report of a further decline in farm income during the past month is additional evidence of this grave condition.

The farmer who goes broke is no longer a customer for the Nation's factories and retail stores. He cannot pay his doctor, his lawyer or his merchant—and hard times on the farm do not take long to reach into every home, every store and every office.

The arguments against this bill have convinced me of the law's imperfections, and it should be obvious that new methods are needed to deal with the problem of farm surpluses, but I cannot disagree with the powerful conclusions of this great Agriculture Committee that extension of 90-percent supports on basic commodities and immediate restoration of some support for dairy farmers are both wise and imperative.

The committee conclusions were reached after the most careful and extensive nationwide hearings, and these conclusions represent the combined wisdom of men whose heads and hearts have been occupied with America's farm problem for many years. I cannot lightly dismiss the thinking and the logic of the senior Members of this House who have made the study of American agriculture and farm legislation their life work, and who have brought to our great Agriculture Committee the honor and distinction which are only earned through untiring effort, devotion to duty, and unchallenged integrity of purpose.

I deeply regret that our Secretary of Agriculture does not share the conclusions of House leaders who have given so many more years to the study of this problem, and I fully sympathize with the Secretary in his difficult task and acknowledge the responsibility of Congress to give assistance in the problem of our farm surplus. I trust and hope that the committee will soon come forward with additional recommendations in this field, and am confident that an answer can be found without destruction of the foundations for stability in American farm income.

If the committee's report has demonstrated nothing else, it has in my opinion conclusively exploded the misleading argument that farm price supports are responsible for today's high cost of living for the American consumer. When we read that only 2¼ cents in the price of a loaf of bread is paid to the wheat farmer—that the cotton farmer receives about 30 cents for the cotton which goes into a $4 garment—that the peanut grower is paid one half a penny for the peanuts in a 5-cent peanut candy bar—we can find very little comfort for the consumer in the prospect of lower price supports on the basic commodities.

As one Member has already put it, a failure to pass this committee bill—in the light of present-day farm conditions—could well mean disaster for the American farmer.

Disaster for the American farmer in 1954 would surely bring disaster to all Americans in 1955.

Let us keep our farm economy strong, and thereby strengthen our country, by supporting the Agricultural Act of 1954 as reported by our committee.

Mr. POAGE. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. MILLER].

Mr. MILLER of Kansas. Mr. Chairman, I, too, am one of these newcomers. Maybe I should apologize for taking up the time of the committee at this late hour in the evening. I do not know that I shall consume the entire 5 minutes. I think I shall talk, perhaps, more from experience than on the basis of theory. Like some of the rest of us, I have done some farming in my time. I took over a farm, a quarter section with a good mortgage on it, before the turn of the century. I have farmed every year since. I suppose I have planted, raised, and harvested a hundred acres of wheat a year for the last 55 years, and maybe 200 acres of corn, along with oats and hay, and I have raised hogs and cattle, and so forth, just as I am sure you who are farmers or have been farmers have done. I see that nearly everybody here has had some experience on the farm, and I have likely had just about the same experience as you have had. I can remember when there was no farm program. I can remember, too, when this farm program was new and when it was being attacked, as it is being attacked more or less here today, on the ground that it is regimentation and that it is contrary to our free-enterprise system.

I can tell you just how free this enterprise system is in the United States. The very first Congress that was convened after the adoption of the Constitution abolished free enterprise by passing a protective-tariff law, at the solicitation of some ironworkers in the State of Pennsylvania. That was the beginning, if you please, of creeping socialism in this country, and the good people of Pennsylvania have profited by this protective tariff ever since. They still have their hands out.

The farmer went without any protection for a century and a half. Oh, yes; he had a paper tariff. He had a tariff of 30 or 40 or 50 cents a bushel on his wheat when he was producing a surplus and selling it in the open market most of the time. It was not worth a dime to him. The surplus is where the trouble is today. We have not said much about it; but if you take the problem of surpluses out of this bill, the rest of it would fall flat. It is all built around the fact that we are producing surpluses; and if we do not do something about them, they will ruin the American farmer. The American farmer went unprotected for a century and a half. I can remember when my father told me that they burned corn for fuel in the seventies. I do not remember that, but I do remember when my father hauled corn off at 12 cents a bushel in the spring of 1897.

I did not bring any manuscript to the well, but I have a little book here that I picked up on my desk the other day, and it shows figures like this: In 1896, 4,816 bushels of corn were bought for $1,333.29—a little over 20 cents a bushel. That is a picture of what the farmers went through at that time. But you do not have to go back to 1896. I can remember in 1932 when I bought corn at 8 cents a bushel from my neighbors. They planted it and harvested it and put it in the crib and sold it at public auction at 8 cents a bushel. I bought wheat of my neighbors at 28 cents per bushel and fed it to hogs that I sold at 2½ cents per pound. Think of it, a 200-pound hog for a $5 bill.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. MILLER] has expired.

Mr. HOPE. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MILLER of Kansas. Those are the things that brought about this farm program. It was the surplus that produced those prices. It was the surplus that brought on the ruinous conditions which resulted in a farm program.

I just want to say in conclusion, if we ruin the farmer—we do not have to ruin him—if we just put him in straits, we will all feel it. I do not care whether you are a white-collar man, a merchant, a manufacturer, a professional man, or who you are, you will all feel it up and down Main Street within 12 months.

Who was it that came before this House saying "We must do something for the farmer" in the lean years of the early thirties? It was everybody, for we were all in distress. That could happen again. It is because we do not want it to happen; it is because we are determined that it shall not happen, that we should pass this bill giving the American farmer equal consideration with other segments of our population.

Where is the most distress now? Why, it is among the manufacturers of farm machinery. The workers in that industry are nearly all out of a job. Why? Because the farmer cannot buy these tractors at the price he is getting for his products at the present time. I know, because I went through this situation. I know what happened to the cattlemen a year ago. I had 110 head of cattle on the feed when I came to Congress and I know I put up about $10,000. I know what is happening to the dairymen now. Those are things we have to think about.

Mr. Chairman, I would like to say just one more word in passing about parity. Parity means equality, equality means justice, and 100 percent of parity is just equal justice. We farmers are willing to take off that 10 percent just as a margin, give it to you, just as a bargaining figure. But when you do anything less than that you are simply asking the farmer to take less than is coming to him.

Mr. HOPE. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Chairman, heretofore I have not taken an active part in the debates on farm program legislation. This in no way indicates my lack of interest in this program because I think the prosperity of America is tied up very closely with the prosperity in agriculture. The proposal for extending rigid, mandatory price supports on the so-called six basic commodities for another year, in spite of the tremendous surpluses of agricultural commodities, moves me to say a few words on this subject.

I would like to remind my colleagues in the House that we spend a great deal of our time talking about the so-called six basic commodities—corn, wheat, cotton, rice, peanuts, and tobacco—which only make up 23 percent of the cash farm receipts; and very little time is devoted to discussing the problems of the majority of the farmers of this Nation where 77 percent of the cash farm receipts are derived. I think it is high time that we stop to consider where the continuation of the present farm program will lead us. As a matter of fact, the continuation of fixed profitable price supports on these six basic commodities is not only piling up tremendous surpluses of the commodities, but at the same time the use of the diverted acres from the basics is getting the other 77 percent of our farmers into serious trouble.

I can speak with some authority on this subject because in 1952, the latest year complete figures are available, only 1.9 percent of the cash farm receipts in my State of New Jersey were derived from the basic commodities. Seventy-eight and five-tenths percent of the agricultural commodities produced in New Jersey have no support at all. Nineteen and three-tenths percent of the farm cash receipts in New Jersey come from dairy products; and dairy products are supported in accordance with the provisions of the Agricultural Act of 1949.

We hear a great deal of talk and discussion about the evils of the Agricultural Act of 1949. Let me remind my colleagues that this act was developed and supported on a bipartisan basis. Let me also remind you that in 1954 the Agricultural Act of 1949 is in full force and effect on all commodities except cotton, wheat, corn, and peanuts. I ask the Members of this House: How long can we defend a program which is costing upward of $700,000 per day for storage alone and an estimated $300,000 a day in wastage and spoilage?

Surely we must recognize that the program of price supports now in effect for the so-called basic commodities is the same program that was institgated by this Congress in May 1942—12 years ago—when we were entering a Second World War. We have extended year after year this wartime measure until we have reached the point of the highest volume of surplus agricultural commodities in our history.

We should recognize that 5 out of the last 6 years' net farm income has declined under this program. Surely we have the necessary courage to make needed changes in order that the farmers in this Nation can earn and get a good income.

I think it will be a serious mistake if we vote to extend this wartime emergency legislation for another year. We can no longer go blindly down the road and accumulate additional market-depressing surpluses, and see the net farm income of farmers continue to decline.

Mr. HOPE. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. PHILLIPS].

FLEXIBLE SUPPORT PRICES

Mr. PHILLIPS. Mr. Chairman, for a long time it has been recognized by Congress that flexible price supports are the only answer to an economy based on basic needs for food and fiber produced in the United States. It is true that because of the Korean War and our emergency needs for increased production, rigid supports were introduced to meet the emergency needs. As we turn back now to a peacetime economy we find that these rigid supports have made it profitable to produce surpluses and that these surpluses have become so great, so unmanageable and so expensive that they threaten to destroy the very economy we are trying to preserve.

The agriculture bill which we are considering contains set-aside provisions which are vital to the basic crops, agriculture attache provisions which are vital to all phases of agriculture related to export-import commodities and the wool bill which is necessary to save an essential and vital agricultural industry.

We must not jeopardize these good and essential measures by tying them to the rigid price-support provisions which the administration has already warned could only lead to a veto of the entire bill. For that reason, I urge the adoption of the amendment which will be offered to place under flexible price supports our basic agricultural commodities as was originally intended by Congress when these flexible supports were added to the basic law.

Mr. HOPE. Mr. Chairman, I ask unanimous consent that all Members may have the privilege of extending their remarks at this point in the RECORD on the pending bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. EVINS. Mr. Chairman, a few days ago we had a distinguished visitor in our country who stated that he came here to talk over some "family matters"—certainly this is always in order—and following that visit we of the House have just passed a measure authorizing expenditures of approximately $3½ billion in aid and assistance to allies abroad—gifts to our friends of foreign governments.

All this we recognize is risky and costly, but we also recognize is designed in the best interest of the United States.

What is difficult to recognize sometimes is how we can continue to dole out huge sums—gifts—abroad to foreign governments, and to deny assistance to people of our own country, particularly the American farmers and American agriculture.

This measure before us provides for 90 percent of parity support price for four basic farm crops. It is not a handout in any sense of the word, but an effort to stabilize American agriculture and to insure that American farmers receive a fair return for their labors and production and to keep American agriculture on an even keel.

I have always supported the parity program—the insuring of 90 percent of parity for basic agriculture crops. We all know and we must recognize that when American agriculture prospers, all of America prospers.

There has already been a substantial reduction in farm income over the past 2 years—estimated to be a 13 percent reduction—and we should take no action here which would precipitate a further declining farm income, rather, we should bolster the economy of American agriculture.

I think we all recognize—as has been heretofore pointed out—that President Eisenhower recommended 100 percent parity for American agriculture. And now his Secretary of Agriculture is proposing the sliding scale formula for a reduced parity. The farmers and farm organizations of my State are not in favor of the so-called sliding scale. There is only one way to slide and that is down.

The Tennessee Farm Bureau at the last national convention of that organization voted to continue the 90 percent parity support program for basic agriculture products. The farmers of my State with whom I have talked have repeatedly pointed up the fallacy of a program which results in high costs for farm machinery and feed and fertilizer while suggesting or proposing a program for lowered income for American farmers or dairymen. In other words, a 90 percent parity for corn, which is a basic

feed, and only 75 percent parity for dairy products.

The farmer has to pay for corn and livestock feeds under a high formula and sells his products at a considerably decreased parity formula. These inconsistencies should be resolved.

As the committee has pointed out, the present bill is designed to protect the income of the American farmers by continuing 90 percent parity price support on basic agricultural crops for 1 year—and is designed to encourage the expansion of markets for agriculture products abroad. The surplus problem can be resolved with the opening and expansion of our foreign markets.

In view of the pledges and promises of the leaders of the administration, it seems to me that the least that this committee can do would be to pass this bill in its present form—certainly the measure will be given my support.

Mr. MAHON. Mr. Chairman, the Agricultural Act of 1954 is before us for general debate and I have listened for several hours to members of the House Committee on Agriculture and others discuss the measure. The debate has been on a high level. Since there are 30 members of the committee it has not been possible in 1 day of debate for all of them to be heard, and, of course, it has not been possible for Members of the House who are not members of the House Committee on Agriculture to speak extensively on the bill. I am not complaining about the situation. The committee members who wrote the bill before us are best able to discuss it.

I want to particularly compliment Members who have spoken in opposition to the proposal for flexible or sliding scale supports. I want to associate myself with them and express my unalterable opposition to the flexible support idea as to the basic crops. I am against the flexible support idea for storable crops for the present and for the future.

It has been plainly demonstrated in this debate that the 90 percent of parity support program on basic crops has not been responsible for relatively huge losses nor for large surpluses.

One more word. I wish to join others in condemning the persistent effort in some quarters to array the city dweller against the farmer and misrepresent the farm picture. Such misrepresentation is just as hurtful to the consumer and city dweller as to the farmer.

Mr. HOPE. Mr. Chairman, I yield 4 minutes to the gentleman from Wisconsin [Mr. O'KONSKI].

Mr. O'KONSKI. Mr. Chairman, I feel that we are tampering with the economy of our Nation when we can ill afford to do so. The individuals who advocate going from a rigid to a flexible system of price supports for farm products are very definitely and dangerously tampering with the economy of our Nation.

I know whereof I speak. Since April 1 we have had an example of what would happen to the farm interests if a flexible system of price supports were inaugurated. Since April 1 the dairy farmers of my district have been operating under a program of 75 percent of parity.

I come from a district where we do not have these Federal milk orders. All of the dairy farmers of America have not felt the disastrous impact of 75 percent of parity because many of the dairy farmers of America have a second protection, namely, the Federal milk orders which give them a higher price. After the reduction from 90 to 75 percent of parity in my district, let me tell you what has happened. There is not a bank, there is not a department store, there is not a hardware store, there is not an automobile dealer, there is not a farm implements dealer, there is not a theater, there is not any place of business in my district that has not been disastrously affected as a result of this reduction in parity from 90 to 75 percent.

It has had sad effects and has resulted in very serious consequences and a cloud of gloom has set over the entire area. There is doubt and worry of the future. There is uneasiness and uncertainty.

The advocates of a flexible support program say it is time that we must bring order out of chaos. Let me tell you what they are doing instead. They are inviting chaos because instead of trying to avoid surpluses which we now have, they are aggravating the situation and encouraging greater surpluses. For instance, in the latter part of April, after the farmers in my district, the dairy farmers, got their first check on April 15, 15 days after this reduction in parity, I was going through my district, through these small farming communities. When I went into a bank I saw farmer after farmer standing in line. What was he doing as a result of his drop in his check? Those farmers who had money in the bank were taking their money out to buy more milk cows in order to make up the difference. Those farmers who did not have money in the bank were asking the banker to lend them some money so that they could put into production more milk cows to make up the difference.

So, as a result of this drop of parity in dairy products in areas that are not protected by the Federal milk orders, you are going to have more production instead of less production. Yes, greater surpluses instead of smaller surpluses. Instead of more order there will be more chaos and even lower prices.

I have only one objection to this bill in its present form and I am going to try to remedy that when we come to that section. I shall propose an amendment to restore 90 percent of parity for dairy products. In all fairness this should be done. Dairy products are not less important than others. They are more important.

Mr. KING of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. O'KONSKI. I yield.

Mr. KING of Pennsylvania. I just wondered if you had a suggestion as to what we might do with Wisconsin butter and cheese that the Government has in storage?

Mr. O'KONSKI. Yes; I will answer that question this way: If the Secretary of Agriculture and this administration gave one-half of the time to unloading the surplus dairy products that they give in trying to divide the consumers against the farmers, they could get rid of the surplus. If they would just spend half the time trying to unload the surplus that they spend trying to divide the consumer against the farmer, they could accomplish something. I want to say here and now that Benson has not even tried to unload the surpluses. He has talked a lot but accomplished nothing. He cannot even get our military establishments to use the surpluses.

Mr. KING of Pennsylvania. Is not one way to have the Secretary inform the people what the situation is?

Mr. O'KONSKI. I do not agree that he should go on television when the farmers' wives cannot see him trying to convert the city women to his point of view instead of taking time when he could be seen by the farmers' wives as well. Benson would do better for farmers if on his television show he would have put on the program some farm wives who could tell how they make only 40 cents an hour for a 15-hour day, including Sunday.

Mr. KING of Pennsylvania. You want to conceal the facts from the city women, do you?

Mr. O'KONSKI. The city women will not be fooled by this magic of Benson's. They know there is a joker in his program somewhere. They know that even if the farmer gave away his products the profiteers would still not lower prices to the consumer. The city women know that the farmer, even under 90 percent of parity, gets only a small share of the prices they pay. Many city housewives were farmers once. They know the farm families are never overpaid for their drudgery.

The city wives in my district know that if the farmers and their families cannot afford to come to the city to buy from their husbands they will feel the effects of such a drop in business, and soon. The city wife knows that the surest way to insure her husband's success—whether he be a laborer, officeworker, or businessman—is to keep the farmer and his family buying. Benson is not going to fool any city housewives in my district, even on television.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA of Minnesota. Mr. Chairman, I certainly am one who would like to express appreciation for the tremendous amount of work which the Committee on Agriculture has done on this very complex and very difficult problem dealing with farm legislation.

It happens that I do not think there is any one problem of the many problems that have faced us in the last year to which I personally have given more thought and consideration. I confess at this hour it is still a very difficult problem.

Last fall I announced to people who asked me, privately or publicly, that I felt that this was a time when we should

continue our present farm program at least for 1 year.

I realize there are those who differ in that view, some of them farmers in my own district, but I think that economically the farmer has been in a very, very difficult squeeze.

A little over a year ago I happened to be visiting with a couple of banker friends in my district—and my district is rather a typical farm dairy district, probably one of the best in the country. These banker friends of mine came from different parts of my district and without mentioning any names or disclosing any confidences I can relate this incident. I asked, "What would you estimate has been the drop in deposits of your farm depositors for the last 2 years?" That would be 3 years now altogether. They said very frankly, both of them, that they felt that the deposits of their farm depositors had dropped at least 25 percent. Both of the bankers came from very excellent farming communities with heavy dairy production, comparing with any of the mixed production that we have in southern Minnesota. I am not quarreling with Secretary Benson, and personally I think he is a very sincere, fine man; I just disagree with his reasoning and his thinking.

I am supporting this bill and the great Committee on Agriculture in the position which they have taken. I think to do otherwise would not be right.

Mr. KING of Pennsylvania rose.

Mr. O'HARA of Minnesota. I may say to the gentleman from Pennsylvania that I know his philosophy so well that I am aware there is not anything I can say he will agree with, but I will yield to the gentleman; certainly, I will yield.

Mr. KING of Pennsylvania. I appreciate that a 25 percent reduction in bank deposits is serious; but has not that happened since we have had this high support program in operation? And does not that prove that the thing will not work?

Mr. O'HARA of Minnesota. Let me answer my friend with this question: So you are going to say to the farmer that you are going to guarantee him 12 or 15 percent less? I think that is wrong because I tell you, my friend, I was out home the first part of June. I have never seen since the late twenties and early thirties a more disturbed group of farm people than we have in my district. And it is a very prosperous district, let me say, from the viewpoint of general income. But, I say to you frankly that they are very disturbed because they do not know what is going to happen to them.

Mr. KING of Pennsylvania. Mr. Chairman, will the gentleman yield further?

Mr. O'HARA of Minnesota. Certainly.

Mr. KING of Pennsylvania. Does that not prove that the thing that is basically wrong is the principle of any support price which is beyond the cost of production?

Mr. O'HARA of Minnesota. No; I do not agree with that. Perhaps the surplus problem has added to our problems, but, you know, I think we ought to get down on our knees every night and thank the good Lord that He has been so good to us for the production we have had. Out our way we have had for the last 12 or 14 years some of the most beautiful, perfect growing conditions I have ever seen, and we have produced a great deal more than we did 12 or 15 years before that. Part of that has been the result of weather and divine providence, but let us have just 1 bad year, and you will not hear any more talk about surpluses, and I say that to you in all seriousness.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. NEAL].

Mr. NEAL. Mr. Chairman, I can very readily understand why, right or wrong, sound or unsound, the people of the large grain- and food-growing States are interested in continuing farm supports at high levels. I happen to come from one of the smaller States, a mountainous region, where agriculture is not so much of a basic income producer as in some of your Western and Southern States.

We have two things existing in the State of West Virginia which I think very definitely show to you that this manner of supporting farm prices at high levels does have a lot of inequities. We have in my district several counties that depend primarily on the production and sale of very fine beef cattle and food animals. Those people, as you well know, 6 months ago took a terrific loss because of the sudden drop in the price of their products. Those who had produced, and were compelled to retain on their farms animals which they were not able to dispose of, had to buy feed for that stock at prices regulated and based on high cost price supported grain. At the same time, the general public who was consuming the products, your wheat and your wheat products, your milk and your dairy products, all at supported prices, even in times when they were unemployed, were being compelled not only to pay the taxes to support these programs but likewise to pay the high prices at retail that naturally resulted to a great extent from the support prices. I can see these inequities, and I believe that this whole problem needs to be given more serious consideration than simply viewed from the standpoint of maintaining high levels of production, much of which must be wasted because it sets consumer prices too high for average families to afford. There are all over this country many inequities resulting from price support programs that have to be readjusted, and certainly in States like mine, where even with tobacco, which is a standard supported product only 3 percent of the farmers' income is derived from price supported products. It is easy to see why the people from States like mine are not inclined to go along wholeheartedly with a support program at 90 percent of parity.

Mr. HOPE. Mr. Chairman, I have no further requests for time.

Mr. POAGE. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, I do not intend to take 2 minutes. I do want to say that I know the leadership and all of us are anxious to expedite the consideration of this bill. When the House convenes at 10 o'clock in the morning, if we are all punctual and will remain on the floor, I am sure the chairman of our committee and the members of the committee on this side will do everything we possibly can to expedite final decision on the bill.

It occurs to me there is only one controversial matter involved, and when that is settled we should be able to move along with great ease and conclude early tomorrow afternoon.

The CHAIRMAN. 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 "Agricultural Act of 1954."

Mr. HOPE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. HALLECK) having assumed the chair, Mr. COTTON, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration 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, had come to no resolution thereon.

SPECIAL ORDER GRANTED

Mr. PRIEST. Mr. Speaker, I have a special order for today. I ask unanimous consent that it be vacated and that I may have permission to address the House for 1 hour on Friday, following the legislative program of the day and the conclusion of any special orders heretofore granted.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

REPUBLIC OF THE PHILIPPINES

Mr. ALLEN of California. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the joint resolution (S. J. Res. 72) to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines; to provide for the rehabilitation of the interisland commerce of the Philippines, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2003)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the resolution (S. J. Res. 72) to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines; to provide for the rehabilitation of the interisland commerce of the Philippines, 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 disagreement to the amendments of the House and agree to the same.

JOHN J. ALLEN, Jr.
HORACE SEELY-BROWN, Jr.
TIMOTHY P. SHEEHAN,
HERBERT C. BONNER,
EDWARD A. GARMATZ,
Managers on the Part of the House.

JOHN M. BUTLER,
CHARLES E. POTTER,
FREDERICK G. PAYNE,
WARREN G. MAGNUSON,
GEORGE A. SMATHERS,
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 House to the resolution (S. J. Res. 72) to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines; to provide for the rehabilitation of the interisland commerce of the Philippines, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Senate Joint Resolution 72 as passed by the Senate provided for the sale of eight specified ships to citizens of the Republic of the Philippines. As amended by the House, the resolution substituted therefor the extension of the existing authority to charter the vessels for an additional year commencing July 1, 1954. The Senate recedes and concurs.

In the course of the hearings on the resolution held by the appropriate committees of both Houses, it appeared that the Republic of the Philippines has been practicing various discriminations against citizens of the United States. These discriminations ranged from selective imposition of an excise tax on transportation of persons, and nonuniform application of a currency-exchange tax, to the establishment by legislation of import quotas on tobacco, which constituted a violation of the spirit, if not the letter, of the Philippine Trade Act of 1946.

It was the view of the conference committee that in the event that authority to purchase these vessels is sought from the next Congress, consideration might well be given to permitting the application of a portion of the next year's charter hire to the purchase price if in the meantime appropriate action has been taken to remove the discriminations.

JOHN J. ALLEN, Jr.,
HORACE SEELY-BROWN, Jr.,
TIMOTHY P. SHEEHAN,
HERBERT C. BONNER,
EDWARD A. GARMATZ,
Managers on the Part of the House.

Mr. ALLEN of California. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the statement.

Mr. ALLEN of California. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to, and a motion to reconsider was laid on the table.

TEMPORARY APPROPRIATIONS FOR THE FISCAL YEAR 1955

Mr. TABER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 552) making temporary appropriations for the fiscal year 1955, and for other purposes.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. CANNON. Mr. Speaker, reserving the right to object, may I ask the gentleman from New York if this is the usual routine resolution customarily offered at the end of the fiscal year to take care of continuing projects and activities for which funds have not yet been provided beyond the end of the current month?

Mr. TABER. Yes.

Mr. CANNON. May I ask the gentleman what temporary agencies are included in this joint resolution?

Mr. TABER. The items that are included are refugee relief, civilian relief in Korea, government and relief in occupied areas, government in occupied areas, Federal Civil Defense Administration (Operations), Washington National Airport, rubber, tin, and abaca programs, and the Mutual Security Agency item. That is all. They are all temporary agencies that are not covered by the regular bills. We held hearings on these in a special committee, but we could not complete them until after the foreign relief bill was passed today.

Mr. CANNON. In no instance is the figure in excess of the current rate or the rate permitted by the budget estimate, whichever is lower.

Mr. TABER. That is right.

Mr. CANNON. The resolution covers 30 days only?

Mr. TABER. Thirty days only, because we would never be able to get the bills through the other body and through conference unless we had them up against a deadline.

Mr. CANNON. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units in the executive branch of the Government, such amounts as may be necessary for continuing the projects or activities enumerated in this section as follows:

(a) At a rate not in excess of the current rate or, in the case of any such project or activity for which a budget estimate is pending, at a rate not in excess of the current rate or the rate permitted by the budget estimate, whichever is lower:

Refugee relief;

Civilian relief in Korea;

Government and relief in occupied areas;

Government in occupied areas;

Federal Civil Defense Administration, Operations;

Washington National Airport;

Rubber, tin, and abaca programs.

(b) Mutual security programs, $290 million, to be derived from unobligated balances of appropriations heretofore made for such purposes and to be expended in accord with provisions of laws applicable to such programs during the fiscal year ending June 30, 1954: *Provided*, That the rate hereunder for any individual program shall not exceed the current rate: *Provided further*, That administrative expenses for such programs shall not exceed $4 million.

(c) Relief and Rehabilitation in Korea, the unobligated balance of the appropriation available in fiscal year 1954 is continued available.

SEC. 2. (a) Except as otherwise herein provided, appropriations and funds made available and authority granted pursuant to this joint resolution shall be subject to the general provisions of chapter XIII of the Supplemental Appropriation Act, 1954, to the same extent as the comparable appropriations, funds, and authority were subject to such provisions in the fiscal year 1954.

(b) Except as otherwise specifically provided therein, appropriations and funds made available and authority granted pursuant to any regular annual appropriation act for the fiscal year 1955 shall be subject to the general provisions of chapter XIII of the Supplemental Appropriation Act, 1954, to the same extent as the comparable appropriations, funds, and authority were subject to such provisions in the fiscal year 1954.

SEC. 3. Appropriations and funds made available and authority granted pursuant to this joint resolution shall remain available until (a) enactment into law of an appropriation for any project or activity provided for herein, or (b) enactment of the applicable appropriation act by both Houses without any provision for such project or activity, or (c) July 31, 1954, whichever first occurs.

SEC. 4. Appropriations and funds made available and authority granted pursuant to this joint resolution may be used without regard to the time limitations set forth in subsection (d) (2) of section 3679, Revised Statutes, and expenditures therefrom shall be charged to any applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained as enacted into law.

SEC. 5. No appropriation or fund made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity which was not being conducted during the fiscal year 1954. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for the pertinent project or activity.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. TABER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include a table showing the progress of appropriation bills to this date.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. Mr. Speaker, I am submitting herewith the Appropriations Committee's report of progress on appropriation bills for this session.

We presently have up the continuing resolution. It involves only those agencies that are regarded as temporary, with the exception of the Washington National Airport. The following table is a report of our operations:

Estimates and appropriations, 83d Cong., 2d sess.

Bill	Estimates	Appropriations	Appropriation compared with (+ or −) estimate
Regular annual acts:			
Treasury-Post Office:			
Treasury	$578, 783, 000	$577, 855, 600	−$927, 400
Post Office	2, 760, 000, 000	2, 754, 877, 100	−5, 122, 900
Subtotal	3, 338, 783, 000	3, 332, 732, 700	−6, 050, 300
State-Justice-Commerce:			
State	116, 191, 960	114, 110, 000	−2, 081, 960
Justice	177, 732, 000	176, 864, 500	−867, 500
Commerce	930, 997, 000	837, 022, 000	−93, 975, 000
United States Information Agency	89, 000, 000	73, 914, 000	−15, 086, 000
Subtotal	1, 313, 920, 960	1, 201, 910, 500	−112, 010, 460
Civil functions	465, 160, 000	457, 071, 300	−8, 088, 700
Independent offices	5, 987, 622, 360	5, 651, 770, 063	−335, 852, 297
Interior	427, 751, 110	405, 936, 149	−21, 814, 961
Agriculture	698, 741, 813	723, 683, 150	+24, 941, 337
Defense	29, 887, 055, 000	28, 800, 125, 486	−1, 086, 929, 514
Legislative-Judiciary	102, 349, 911	98, 197, 494	−4, 152, 417
Labor-HEW	1, 965, 285, 261	1, 975, 198, 261	+9, 913, 000
District of Columbia (Federal payment)	21, 890, 000	21, 890, 000	
Total regular annual	44, 208, 559, 415	42, 668, 515, 103	−1, 540, 044, 312
Supplemental and deficiency acts:			
Commodity Credit (note cancellation)	(741, 548, 788)	(681, 769, 763)	(−59, 779, 025)
2d supplemental, 1954	27, 942, 616	27, 517, 616	−425, 000
Mexican farm-labor program, 1954	550, 000	478, 000	−72, 000
3d supplemental, 1954	430, 458, 241	505, 218, 741	+74, 760, 500
Total supplemental and deficiency	458, 950, 857	533, 214, 357	+74, 263, 500
Grand total	44, 667, 510, 272	43, 201, 729, 460	−1, 465, 780, 812

The items that I have referred to above show a saving in the regular annual acts of $1,540,000,000. In the supplemental and deficiency acts, the overall picture, including everything, shows an increase of about $15 million, so that our savings direct will run to $1,525,000,000.

This is much smaller than it has been, because of the closer budget that has been submitted by the Bureau of the Budget, but it reflects the very best energies of the Appropriations Committee.

It has been a long time since the regular appropriation bills have all been sent to the White House before the 1st day of July—and that is our accomplishment today.

I wish to express my thanks to the members of the Appropriations Committee, both sides of the aisle, for the work they have done in trying to get these bills through, and for the uniform cooperation that I have had. It would have been impossible except for that.

I can only say that I wish that the whole House of Representatives would in the days to come appreciate, as we on the Appropriations Committee do, the absolute necessity of balancing the budget and putting the United States of America right side up, where it will be able to give us the proper kind of defense. In saying that, I appreciate the support that the membership of the House has given us on so many occasions, and I hope that in the days to come there may be a greater appreciation on the part of all the Members of the necessity of meeting our responsibilities.

Before going on the floor a question was asked me as to the language in the item in the continuing resolution (H. J. Res. 552) relating to the mutual security program. That language on page 2, lines 10 to 14, inclusive, means that any unobligated balances, whether it shall have been originally appropriated for military purposes or civilian purposes or any other purpose shall be available to the Mutual Security Administration up to $290 million for their operation of any character during the month of July 1954.

The only limitation on the amount for any particular item is the administrative expenses for $4 million for the month and that the other programs cannot be carried on at a greater rate than the going rate.

HOUR OF MEETING TOMORROW

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow morning.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

NEW JERSEY FARMERS SUPPORT PRESIDENT'S FARM PROGRAM

Mr. CANFIELD. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. CANFIELD. Mr. Speaker, I rise at this time to read to the House a letter emphasizing the support by New Jersey farmers of the President's farm program.

The letter is as follows:

NEW JERSEY FARM BUREAU,
Trenton, N. J., June 28, 1954.

Hon. GORDON CANFIELD,
House Office Building,
Washington, D. C.

DEAR GORDON: New Jersey farmers are in full agreement with the administration that improvements in the farm program are overdue. In fact, the New Jersey Farm Bureau, at Secretary Benson's request, spent the major portion of 1953 holding meetings in the many townships and counties around the State gathering the opinion of its members on the type of farm program they wanted. Last December we gave the Secretary the opinion of our members.

The New Jersey Farm Bureau has approximately 10,000 farm families as members. They produce eggs, milk, vegetables, potatoes, and other dozens of commodities for which New Jersey is famous as a Garden State. These farmers have a big stake in the type of farm program written by the Congress.

We have many reasons for opposing the continuation of the present high, rigid-support program. Contrary to popular opinion, Government supports do not deserve credit for farm prosperity. The healthy condition that exists in a number of branches of agriculture is due to the fact that these segments of agriculture have not received support and have, therefore, been left free to adjust their products to real market needs. Those segments of agriculture that are in a distressed position, practically without exception, are those that have been the recipients of high, fixed Government guaranties. The elimination of price as a guide to the needs of the consumer has destroyed the farmer's ability to adjust production to demand. Only with very strict and ofttimes unfair Government production controls have we been able to maintain any semblance of balanced production. In most cases—wheat, cotton, etc.—we have not been able to do that.

Static prices as established by the rigid support law have served to price us out of markets when we need those markets the most. This is particularly true on the domestic market with cotton and butter and in foreign markets with wheat and cotton.

One of the things that bothers us most in New Jersey is the problem of diverted acres. The production control program which must be so strictly applied with high, rigid supports takes a great many acres out of the production of supported crops. Thus, the farmer receiving the Government support is free to produce on these acres what he wants, as long as it is not another supported crop. This year, the number of diverted acres is about 25 million. Just how many of these acres are being used to grow vegetables, produce grass for cattle, or grow chickens is not known.

Many of them are, however, and are competing against the New Jersey farmer who has for the most part done without supports. Our New Jersey farmers buy 17 times as much price-supported grain to feed to their chickens and cows as they produce of the grains to receive supports on.

We're for the immediate adoption of flexible supports. We do believe in having a reasonable floor under farm prices. The trouble with the present program is that it offers price guaranties that limit markets, and therefore makes the support price a maximum price to the farmer rather than a floor or minimum price.

Very sincerely,

HERBERT W. VOORHIES,
President, New Jersey Farm Bureau.

DISTRIBUTION OF INCOME BEING DANGEROUSLY DISTORTED

Mr. PATMAN. 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 Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, economic policies being pursued by this administration are taking the American

economy straight down the 1929 path to a financial and physical crackup.

Under the administration policies of rewarding lenders and providing incentives to stimulate business initiative the distribution of income in the United States is being dangerously distorted.

Since mid-1953, labor income—in the form of salaries as well as wages—has fallen by more than $8 billion. In July 1953 the annual rate of labor income was $202.4 billion. Today it is running at a rate down to $194 billion.

DECLINE IN FARM INCOME

Farm proprietors' income in May and June 1953 was running at an annual rate of $12.5 billion. Today, farmers' income is running at an annual rate of only $11 billion. This is a decline in the annual rate of farm proprietors' income of over 10 percent, or $1.5 billion this past year. And this comes on top of a previous drop of $3 billion or nearly 20 percent in farm proprietors' incomes between 1951 and 1953.

Together labor and farm incomes have fallen nearly $10 billion at annual rates, under the impact of the administration's policy of economic contraction.

INCREASE IN INCOME OF CAPITAL

Let us see how administration policies affected owners of capital.

In 1952 dividends and personal interest income received by investors and lenders totaled $21 billion. Currently dividend and personal interest income is running at an annual rate in excess of $23 billion. This represents an increase of over $2 billion or 10 percent in the annual rate of personal income going to lenders and investors since the administration took office. This is substantially greater than the annual rate of growth of real production in the United States which is estimated historically at about 3 percent.

In addition to benefiting from the increased flow of personal income in the form of higher interest receipts and dividends, owners of capital have also gained from the increase since 1952 of over $3 billion in profits, depletion and depreciation allowances plowed back into corporate businesses.

COSTLESS CAPITAL

The rise in the amount of funds available for plowing back into business by making the consumers pay higher prices, in the absence of an increase in demand for the products of enterprise has enabled corporations to finance their new capital requirements with less reliance on outside new capital. At the same time, however, disbursements to investors and lenders, as we have seen, has risen more than $2 billion since 1952. Has this sum gone into the market for consumers goods? Undoubtedly it has contributed to the rise in spending on luxury items—such as Cadillac motorcars. But by and large it has either been saved or is being used in stock market speculation.

Business needs for new capital, in the face of a weakening of buying power in relation to our greatly expanded productive capacity, has diminished. This is shown by the latest survey of expenditures for new plant and equipment by United States business. According to this Department of Commerce survey, the yearly rate of such expenditures will be about $2,100,000,000 less in the third quarter of this year as compared with the same period in 1953. About half the decline has occurred in manufacturing industries.

With a drop in new fixed capital investment by American business, new security issues exclusive of refundings, offered for sale to the public has declined. During the first quarter of 1954 corporations raised $1,500,000,000 of new money through the sale of stocks and bonds as compared with $1,800,000,000 in the same quarter of 1953.

GREEN LIGHT FOR MONOPOLY

With the number of new security issues declining, it is not surprising that the increased income flowing to lenders and investors should be used to bid up the price of existing securities. Wise investors see the green light for monopoly. That is evidently the reason why such stocks of industries that are dominating in their field, such as Du Pont, General Motors, General Electric, and United States Steel, are such favorites, and are booming while others trail far behind. A recent report in the New York Journal of Commerce—May 21, 1954—indicated the presence of purely speculative money in the current stock market boom by noting:

> The stock market extended its advance yesterday with speculative interest continuing on a larger scale.

In addition to increasing their holdings of corporate securities, recipients of higher interest and dividend income have also been increasing their personal savings. During 1953, individuals increased their deposits in savings and loan associations by nearly $4 billion; in mutual-savings banks by $1.8 billion; in commercial banks by $2.7 billion; and in increased equity in life-insurance policies by $4.4 billion. In the aggregate there was an increase of $12.4 billion in the savings of individuals in 1953, the largest rise since 1945.

WHO ARE SAVING?

Who did the saving? Earlier I showed that labor and farm income had fallen some $10 billion at annual rates since mid-1953. It would appear unlikely that individuals with falling incomes would be increasing their savings. On the other hand, interest and dividend recipients, who normally account for the bulk of total personal saving, appear the most logical group to have increased savings, for their income receipts have risen over $2 billion since 1952.

The trend toward increased personal saving has carried over into 1954. Despite sharp cutbacks in employment and factory earnings in the first quarter of this year the overall rate of personal saving in relation to spendable income rose.

During the 1920's the emphasis on increasing production and investment by providing business and investors with financial incentives also led to an increase in the rate of saving. But these savings could not find useful productive outlets because the demand for goods did not keep pace with our capacity to produce. Consequently they went into sterile hoards or were used to finance speculative ventures.

Our policies today are once more being fashioned with an eye toward business incentives and the administration is again banking on business initiative to spark an upturn in the economy.

It would appear that my Republican friends have not learned the wisdom of the adage: "Once burned, twice shy."

SMALL-BUSINESS ADMINISTRATION NOT EFFECTIVE — SMALL-BUSINESS MAN ASKS FOR BREAD, GIVEN A STONE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include certain excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, the Small Business Administration Act was approved July 30, 1953 (Public Law 163). It provided an authorization of $250 million to help small business. It was intended to take the place of the Reconstruction Finance Corporation, which expired September 28, 1953, and the Small Defense Plants Administration, which expired July 31, 1953.

The first date of acceptance of applications by the Small Business Administration was September 29, 1953.

The information I am furnishing in this statement has been furnished to me from official sources and, therefore, can be relied upon.

The Small Business Administration has had a lot to say about the number of loans approved. That does not mean very much, considering its policy of delaying the disbursement of the loan. It is the loans that have been closed and disbursed that should be considered loans made. The number of loans approved seems large but that is not the test, it is the loans completed where the money is actually paid.

From October 1, 1953, through May 31, 1954, there were 34,072 personal calls, letters, and telephone inquiries concerning the Small Business Administration's financial-assistance program received by the Small Business Administration field offices.

Through June 17, 1954, a total of 2,146 formal applications for loans, amounting to $129,247,365, were filed with the Small Business Administration. This does not include the thousands of informal applications that were made by eager applicants, who visited these offices but were told that it was useless to file an application.

Out of these formal applications filed, only 39 direct loans have been made and disbursed by the Small Business Administration from September 29, 1953, to June 24, 1954.

During that same period of time, there were 45 deferred participation and 9 immediate participation loans, the latter

two were made in cooperation with local banking institutions.

I am inserting herewith a statement showing the distribution of these loans according to regions between September 29, 1953, and June 24, 1954. The employees listed evidently have other duties, including procurement, but they are all evidently charged with the duty of helping on credit policies and loans. That is certainly one of their main duties. It is as follows:

Business loans by the Small Business Administration on which initial disbursement has been made as of June 24, 1954, commencing Sept. 29, 1953

Type of loan	Date of application	Date disbursed	Amount of loan	
			Gross	SBA share
Region I. Boston (States of Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Connecticut, excluding Fairfield County): Number of employees, 18:				
Direct	Oct. 13, 1953	Jan. 5, 1954	$55,000	----------
	Dec. 31, 1953	Apr. 29, 1954	35,000	----------
	Feb. 15, 1954	June 7, 1954	9,000	----------
Immediate participation	----------	----------	None	None
Deferred participation	Feb. 23, 1954	May 7, 1954	50,000	$40,000
Region II. New York (States of New York, Connecticut, Fairfield County only, and Northern New Jersey): Number of employees, 39:				
Direct	Dec. 15, 1953	Mar. 15, 1954	100,000	----------
	Dec. 23, 1953	Apr. 23, 1954	90,000	----------
Immediate participation	----------	----------	None	None
Deferred participation	----------	----------	None	None
Region III. Philadelphia (States of Delaware, Pennsylvania, and southern New Jersey): Number of employees, 26:				
Direct	Jan. 15, 1954	Apr. 23, 1954	20,000	----------
	Jan. 13, 1954	May 12, 1954	10,000	----------
	Dec. 14, 1953	May 18, 1954	100,000	----------
	Feb. 15, 1954	May 27, 1954	20,000	----------
	Mar. 2, 1954	June 18, 1954	10,000	----------
Immediate participation	----------	----------	None	None
Deferred participation	Jan. 8, 1954	Apr. 6, 1954	100,000	75,000
	Feb. 9, 1954	do	100,000	90,000
	Feb. 10, 1954	Apr. 29, 1954	18,000	16,200
Region IV. Richmond (States of Maryland, North Carolina, Virginia, West Virginia, District of Columbia): Number of employees, 19:				
Direct	Oct. 1, 1953	Feb. 15, 1954	100,000	----------
	Feb. 23, 1954	June 9, 1954	57,000	----------
Immediate participation	----------	----------	None	None
Deferred participation	Jan. 28, 1954	May 7, 1954	5,000	4,000
	Jan. 19, 1954	May 22, 1954	150,000	135,000
	Mar. 15, 1954	June 19, 1954	30,000	27,000
Region V. Atlanta (States of Alabama, Florida, Georgia, Mississippi, South Carolina, Tennessee, Commonwealth of Puerto Rico, Virgin Islands): Number of employees, 44:				
Direct	Dec. 14, 1953	Feb. 19, 1954	25,000	----------
	Dec. 2, 1953	Mar. 15, 1954	115,000	----------
	Nov. 10, 1953	Mar. 31, 1954	4,000	----------
	Jan. 28, 1954	May 20, 1954	75,000	----------
	Nov. 9, 1953	June 15, 1954	57,000	----------
Immediate participation	Oct. 30, 1953	Apr. 9, 1954	100,000	70,000
	Dec. 23, 1953	May 22, 1954	109,000	103,550
	Oct. 13, 1953	June 1, 1954	25,000	22,500
	Nov. 25, 1953	June 2, 1954	10,000	9,000
	Feb. 19, 1954	June 9, 1954	112,000	84,000
Deferred participation	Dec. 7, 1953	Feb. 27, 1954	300,000	150,000
	Dec. 23, 1953	Apr. 20, 1954	40,000	20,000
	Feb. 10, 1954	May 12, 1954	6,000	4,500
	Dec. 23, 1953	May 25, 1954	70,000	52,500
	Nov. 17, 1953	do	40,000	34,000
	Feb. 12, 1954	May 28, 1954	3,000	1,500
	Mar. 20, 1954	June 7, 1954	60,000	45,000
Region VI. Cleveland (States of Kentucky, Michigan, Ohio): Number of employees, 46:				
Direct	Jan. 8, 1954	Feb. 25, 1954	57,000	----------
	Dec. 31, 1953	Apr. 7, 1954	35,000	----------
	Jan. 14, 1954	Apr. 13, 1954	70,000	----------
	Feb. 5, 1954	May 6, 1954	35,000	----------
	Nov. 6, 1953	June 7, 1954	60,000	----------
	Feb. 16, 1954	June 11, 1954	150,000	----------
	Jan. 13, 1954	June 18, 1954	[1] 45,000	----------
	Jan. 29, 1954	June 21, 1954	[2] 75,000	----------
Immediate participation	----------	----------	None	None
Deferred participation	Jan. 13, 1954	Apr. 9, 1954	60,000	30,000
	Feb. 8, 1954	May 27, 1954	28,000	14,000
Region VII. Chicago (States of Illinois, Indiana, Wisconsin (excluding Douglas County)): Number of employees, 34:				
Direct	Oct. 23, 1953	Apr. 14, 1954	20,000	----------
	Feb. 1, 1954	June 18, 1954	28,710	----------
Immediate participation	Dec. 4, 1953	Apr. 28, 1954	40,000	36,000
Region VII—Continued				
Immediate participation—Con.	Jan. 28, 1954	May 10, 1954	$60,000	$42,000
	Mar. 19, 1954	June 16, 1954	52,000	26,000
	Dec. 28, 1953	June 17, 1954	25,000	22,500
Deferred participation	Oct. 30, 1953	Feb. 2, 1954	25,000	16,000
	Oct. 12, 1953	Feb. 5, 1954	100,000	90,000
	Dec. 18, 1953	Mar. 12, 1954	14,000	12,600
	Feb. 15, 1954	May 1, 1954	32,000	28,800
	Feb. 9, 1954	May 5, 1954	40,000	36,000
	Mar. 19, 1954	May 10, 1954	15,000	11,250
	Feb. 8, 1954	May 18, 1954	35,000	26,250
Region VIII. Minneapolis (States of Minnesota, Montana, North Dakota, South Dakota, Wisconsin (includes only Douglas County)): Number of employees, 19:				
Direct	Jan. 20, 1954	June 24, 1954	25,000	----------
	Feb. 23, 1954	June 15, 1954	3,500	----------
	Mar. 8, 1954	do	10,000	----------
Immediate participation	----------	----------	None	None
Deferred participation	Jan. 28, 1954	May 17, 1954	100,000	75,000
Region IX. Kansas City (States of Iowa, Kansas, Missouri, Nebraska): Number of employees, 31:				
Direct	----------	----------	None	None
Immediate participation	----------	----------	None	None
Deferred participation	Dec. 14, 1953	Mar. 4, 1954	66,000	59,400
Region X. Dallas (States of Arkansas, Louisiana, Oklahoma, Texas): Number of employees, 34:				
Direct	Dec. 18, 1953	Feb. 3, 1954	100,000	----------
Immediate participation	----------	----------	None	None
Deferred participation	Oct. 30, 1953	Dec. 14, 1953	25,000	12,500
	Nov. 30, 1953	Apr. 6, 1954	100,000	60,000
	Jan. 7, 1954	Apr. 14, 1954	30,000	27,000
	Dec. 23, 1953	May 6, 1954	30,000	27,000
	Jan. 20, 1954	May 12, 1954	167,000	141,950
	Mar. 11, 1954	June 5, 1954	90,000	70,000
	Mar. 5, 1954	June 15, 1954	30,000	27,000
Region XI. Denver (States of Colorado, New Mexico, Utah, Wyoming): Number of employees, 10:				
Direct	----------	----------	None	None
Immediate participation	----------	----------	None	None
Deferred participation	Feb. 11, 1954	Apr. 5, 1954	15,000	7,500
	Mar. 10, 1954	May 24, 1954	250,000	150,000
	Feb. 9, 1954	June 16, 1954	20,000	13,000
Region XII. San Francisco (Northern California, Nevada, except Clark County, and the Territory of Hawaii): Number of employees, 11:				
Direct	Oct. 29, 1953	Feb. 8, 1954	150,000	----------
	Nov. 2, 1953	Feb. 23, 1954	81,000	----------
	Oct. 27, 1953	Mar. 5, 1954	18,000	----------
	Nov. 30, 1953	Apr. 27, 1954	100,000	----------
	Dec. 22, 1953	May 14, 1954	85,000	----------
Immediate participation	----------	----------	None	None
Deferred participation	----------	----------	None	None
Region XIII. Seattle (States of Idaho, Oregon, Washington, Territory of Alaska): Number of employees, 27:				
Direct	Nov. 24, 1953	Mar. 17, 1954	10,000	----------
	Jan. 4, 1954	June 4, 1954	30,000	----------
	Feb. 3, 1954	June 24, 1954	100,000	----------
Immediate participation	----------	----------	None	None
Deferred participation	Dec. 16, 1953	Feb. 23, 1954	15,000	13,500
	Nov. 23, 1953	Mar. 19, 1954	100,000	80,000
	Dec. 30, 1953	Apr. 16, 1954	20,000	18,000
	Jan. 4, 1954	Apr. 22, 1954	75,000	67,500
	Feb. 4, 1954	do	15,000	11,250
	Feb. 26, 1954	Apr. 28, 1954	10,000	9,000
	Dec. 28, 1953	May 10, 1954	25,000	22,500
	Feb. 8, 1954	May 17, 1954	50,000	35,000
	Jan. 20, 1954	May 21, 1954	60,000	54,000
	Mar. 11, 1954	June 19, 1954	50,000	37,500
Region XIV. Los Angeles (Southern California, Arizona, and Clark County, Nev.): Number of employees, 26:				
Direct	----------	----------	None	None
Immediate participation	----------	----------	None	None
Deferred participation	----------	----------	None	None

[1] Application declined Mar. 12, 1954; reconsidered and approved Mar. 27, 1954.
[2] Transferred to Philadelphia.

CRUEL HOAX

Although I have the names of the concerns receiving the loans and other accompanying information, it is believed that the information inserted is enough to show that very little is being done by the Small Business Administration. In fact, the total amount of the direct loans is $2,180,210. The expenditures of the agency during this period of time was much more than this amount, and this does not take into consideration the

thousands of useless trips made by anxious applicants, the hours and days spent preparing and furnishing information, engineers' reports, statements from local banks and citizens, numerous trips back and forth, long distance telephone calls, and so forth, neither does it disclose the broken hearts, disillusionment, and the cruel hoax that has been perpetrated on so many innocent, worthy, hard-working American citizens who were seeking an opportunity to work and earn a living with the help of the Government, which has been held out to them. When they asked for bread, they were given a stone.

The contention by SBA that they are showing the small man how to improve on the way he is running his business is no answer. The little man does not want regimentation. He wants a fair chance and an equal opportunity.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. KNOX.

Mr. BRAY and to include the result of a poll.

Mr. PRICE.

Mr. AUGUST H. ANDRESEN to revise and extend his remarks made today on the farm bill and include certain tables.

Mr. BENDER in four instances.

Mr. HOPE to revise and extend his remarks made in Committee of the Whole and include certain letters and telegrams.

Mr. HAYS of Arkansas to include in his remarks on the mutual security bill certain extraneous matter.

Mr. LESINSKI (at the request of Mr. HAYS of Arkansas).

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. 2636. An act for the relief of George Japhet;

H. R. 5436. An act for the relief of David Hanan;

H. R. 8067. An act 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;

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;

H. R. 9447. An act 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;

H. R. 9474. 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;

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

H. R. 9517. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenue of said District for the fiscal year ending June 30, 1955, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 2636. An act for the relief of George Japhet;

H. R. 5436. An act for the relief of David Hanan;

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;

H. R. 8067. An act 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;

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;

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;

H. R. 9474. 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;

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

H. R. 9517. 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.

ADJOURNMENT

Mr. ARENDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 32 minutes p. m.), under its previous order, the House adjourned until tomorrow, Thursday, July 1, 1954, at 10 o'clock a. m.

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. ALLEN of California: Committee of Conference. Senate Joint Resolution 72. Joint resolution to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines; to provide for the rehabilitation of the interisland commerce of the Philippines, and for other purposes (Rept. No. 2003). Ordered to be printed.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 605. Resolution for consideration of H. R. 9252, a bill to amend the Merchant Marine Act, 1936, to provide a national defense reserve of tankers and to promote the construction of new tankers, and for other purposes; without amendment (Rept. No. 2004). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 606. Resolution for consideration of H. R. 9640, a bill to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes; without amendment (Rept. No. 2005). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 607. Resolution for consideration of H. R. 7486, a bill to amend section 1071 of title 18, United States Code, relating to the concealing of persons from arrest, so as to increase the penalties therein provided; without amendment (Rept. No. 2006). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 608. Resolution for consideration of H. R. 8009, a bill to provide for the commitment and care of the mentally ill of Alaska, and for other purposes; without amendment (Rept. No. 2007). Referred to the House Calendar.

Mr. TABER: Committee on Appropriations. House Joint Resolution 552. Joint Resolution making temporary appropriations for the fiscal year 1955, and for other purposes; without amendment (Rept. No. 2008). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Armed Services. S. 1999. An act to provide for the recovery, care, and disposition of the remains of members of the uniformed services and certain other personnel, and for other purposes; with amendment (Rept. No. 2010). Referred to the Committee of the Whole House on the State of the Union.

Mr. TOLLEFSON: Committee on Merchant Marine and Fisheries. S. 2370. An act to authorize the sale of certain vessels to Brazil for use in the coastwise trade of Brazil; with amendment (Rept. No. 2011). Referred to the Committee of the Whole House on the State of the Union.

Mr. ARENDS: Committee on Armed Services. H. R. 7131. A bill to repeal a limitation on pay of certain officers of the Navy and Marine Corps; with amendment (Rept. No. 2012). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Armed Services. H. R. 9001. A bill to provide for the award of certain medals, crosses, and other similar awards, in cases where the statement or report recommending the award was not completely processed because of loss or inadvertence; without amendment (Rept. No. 2013). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Armed Services. H. R. 9006. A bill to amend the act of May 22, 1896, as amended, concerning the loan or gift of works of art and other material; without amendment (Rept. No. 2014). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Armed Services. H. R. 9008. A bill to provide for the deposit of savings of enlisted members of the Army, Navy, Air Force, and Marine Corps, and for other purposes; without amendment (Rept. No. 2015). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Armed Services. H. R. 9561. A bill to correct typographical errors in Public Law 368, 83d Congress; without amendment (Rept. No. 2016). Referred to the Committee of the Whole House on the State of the Union.

Mr. HYDE: Committee on the Judiciary. H. R. 9580. A bill to revise and extend the laws relating to espionage and sabotage, and

for other purposes; with amendment (Rept. No. 2017). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROBSION of Kentucky: Committee on the Judiciary. H. R. 229. A bill to incorporate the Board for Fundamental Education; with amendment (Rept. No. 2018). 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. JOHNSON of California: Committee on Armed Services. H. R. 9200. A bill to authorize the President of the United States to present the Distinguished Flying Cross to Col. Bennett Hill Griffin; with amendment (Rept. No. 2009). 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. RHODES of Arizona

H. R. 9751. A bill to authorize the Secretary of the Interior to sell and convey certain Parker-Davis transmission facilities and related property in the States of Arizona and California, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. KNOX:

H. R. 9752. A bill to provide supplementary benefits for recipients of public assistance under Social Security Act programs through the issuance to such recipients of certificates to be used in the acquisition of surplus agricultural food products; to the Committee on Agriculture.

By Mr. PHILBIN:

H. R. 9753. A bill to readjust size and weight limitations on fourth-class parcel post and to provide that the classification, rates of postage, zones, weight, and size limitations, and other conditions of mailability of fourth-class mail shall be determined solely by the Congress; to the Committee on Post Office and Civil Service.

By Mr. RAY:

H. R. 9754. A bill to amend the Internal Revenue Code to encourage the establishment of voluntary pension plans by individuals, to promote thrift, and to stimulate expansion of employment through investment; to the Committee on Ways and Means.

By Mr. REED of Illinois:

H. R. 9755. A bill to permit the naturalization of certain Philippine citizens by reason of honorable service in the United States Navy prior to December 24, 1952; to the Committee on the Judiciary.

By Mr. WOLCOTT:

H. R. 9756. A bill to increase the borrowing power of Commodity Credit Corporation; to the Committee on Banking and Currency.

By Mr. COLE of New York:

H. R. 9757. A bill to amend the Atomic Energy Act of 1946, as amended, and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. BISHOP:

H. Con. Res. 248. Concurrent resolution commending the Polycultural University of America for its contributions to international understanding, providing for the preparation of a gift for His Imperial Majesty Haile Selassie I, and for other purposes; 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. HAYS of Arkansas:

H. R. 9758. A bill for the relief of Wilhelmus Marius Van Der Veur; to the Committee on the Judiciary.

By Mr. HOLTZMAN:

H. R. 9759. A bill for the relief of Joseph (Giuseppe) Ventura; to the Committee on the Judiciary.

By Mr. O'BRIEN of New York:

H. R. 9760. A bill for the relief of Adelheid Walla Spring; to the Committee on the Judiciary.

By Mr. PHILBIN:

H. R. 9761. A bill for the relief of Maria Palermo Passalacqua; to the Committee on the Judiciary.

By Mr. SHELLEY:

H. R. 9762. A bill authorizing the consideration of the recommendation made for the award of the Legion of Merit to Dr. William A. Reilly for meritorious service during World War II; to the Committee on Armed Services.

H. R. 9763. A bill for the relief of Mr. Michael Nemoff; to the Committee on the Judiciary.

H. R. 9764. A bill for the relief of Sigfried Olsen Shipping Co.; 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:

1074. By Mr. GOODWIN: Petition of Prof. Arthur W. Leighton and 37 other members of the North Street Congregational Church of Medford, Mass., favoring the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1075. Also, petition of Miss Adelaide M. Hodson and 24 others urging the passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1076. Also, petition of Rev. Delwin H. Martin and 38 others of Highland Congregational Church, of Somerville, Mass., favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1077. By Mr. KING of California: Petition of Mrs. Verna P. Thistle representing a group requesting consideration of proposed legislation to bar advertising of alcoholic beverages; to the Committee on Interstate and Foreign Commerce.

1078. By the SPEAKER: Petition of the Disabled American Veterans, Patriotic Hall, Los Angeles, Calif., relative to adopting a policy of exposing any person or group of persons that criticizes any citizen or group of citizens of the United States of America that endeavor to ferret out and expose communism; to the Committee on Rules.

1079. Also, petition of the president, Baltic States Freedom Committee, New York, N. Y., relative to being assembled in prayerful sorrow for the victims of Soviet aggression and genocide in the Baltic countries, and protesting these flagrant acts, etc.; to the Committee on Foreign Affairs.

1080. Also, petition of the President, Chamber of Deputies of Argentina, Buenos Aires, Argentina, relative to the Parliament of Argentina inviting the nations of Argentina, United States, and the Americas to take joint action in concentrating their efforts on restoring peace in Guatemala; to the Committee on Foreign Affairs.

EXTENSIONS OF REMARKS

Lt. Gen. Robert W. Harper, United States Air Force

EXTENSION OF REMARKS

OF

HON. MELVIN PRICE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1954

Mr. PRICE. Mr. Speaker, the retirement from active duty of Lt. Gen. Robert W. Harper, United States Air Force, becomes effective today, June 30, 1954.

Bob Harper has done a great job for the Air Force in my hometown of Belleville, Ill., but he has been doing a great job for the Air Force for a long time. I just happen to know more about his last assignment because I was in a better position to observe. And I know that I speak for all my fellow citizens in Belleville when I express admiration for his work as commanding general of the Air Training Command, and regret at his imminent departure from our community. Community relations between an Air Force base and a busy city could nowhere be better than at Scott Field and Belleville—and that state of affairs is due to Bob Harper more than to any other single person.

Just to refresh my memory I looked up the assignments Bob Harper has had since he was graduated from West Point in 1924, and commissioned in the Infantry. A year later he transferred to the Air Corps. There was not much flying being done in those days, so in the free time he had after he had learned to fly, he studied law, and was admitted to the Texas bar before he was transferred to his next assignment.

I think that industry was typical of the man—he was always preparing for something that might happen, and when it did happen he was ready. By the time World War II began, his capabilities had been recognized at Air Corps Headquarters, and he was Assistant Chief of Staff for Operations. By March 1943 when he was made Assistant Chief of Air Staff for Training, his silver eagles had been traded for a star. When I think of the great job he did in that capacity I think the promotion was only an incidental reward. He must have taken a great deal of satisfaction in knowing that he had directed the training of per-

sonnel of the greatest Air Force in the world. Those who pay greatest tribute to him are the ones who were trained by him. Even down at trainee level, GI's knew who General Harper was, what he stood for, and what he expected of them.

During those discouraging days after V–J Day, 1945, when training was all but abandoned in the Air Force and the muscle had been cut from the bone, General Harper must have been glad that he was not around to endure the heartbreak. He was over in Germany, as Director of the Armed Forces Division of the Office of Military Government.

He came back to this country in May 1947, when the debacle of demobilization was over and the Air Force had reached its lowest point, down from 2,314,000 men on V–E Day, 1945, to 303,-614 as of May 31, 1947. Since then we have been building up in an attempt to recover the strength we ought to have maintained all along, and Bob Harper has played an important part in the buildup. He spent a year as commanding general of the Air Transport Command before it was merged in the Military Air Transport Service. He spent half a year as commanding general of the Air University. And when he retires he will have spent almost 6 years as commanding general of the Air Training Command, first at Barksdale, but mostly at Scott.

These have been busy years for him and for the Air Force. There have been continual visits to the 42 bases of the ATRC to keep constant check on the training and retraining of personnel, to keep the Air Force in the state of readiness it must maintain today.

Bob Harper has a remarkable memory for faces and an uncanny ability to pick the right man for the right job. He is a model of what a general and a leader of men should be, kind always, but stern when necessary. I have been told countless times that the officers of his command and the civilians who have aided in carrying out the training mission love him for his fairness, his understanding of their problems, and his respect for the essential dignity of every human being whom he meets.

Bob Harper will be missed when he ends his active service. One wonders who his successor will be and how he will fill Bob Harper's shoes. He will be missed at Belleville, though he has made an impression on Belleville that will make the community disposed to give a warm welcome to his successor. We will miss him here on Capitol Hill, too. The Armed Services Committee had gotten used to having Bob Harper in charge of Air Force training, and we liked to know he was on the job.

With him on it we knew how the job was being done.

Result of the Poll of the Seventh Indiana District on the Situation in Indochina

EXTENSION OF REMARKS

OF

HON. WILLIAM G. BRAY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1954

Mr. BRAY. Mr. Speaker, the war in Indochina becomes more serious, and the possibility of the United States becoming actively involved in that conflict is being generally discussed. In order to ascertain the opinions of the people of the Seventh Congressional District of Indiana as to possible action in the Indochina situation, I mailed a questionnaire throughout the district to each address. The returns on this poll were very happy. Although the ballots were mailed out six weeks ago, returns are still coming into the office. The questions asked and the percentages for the answers are as follows:

	Yes	No	No opinion
	Percent	*Percent*	*Percent*
1. Do you favor sending American troops into Indochina for combat?	8.1	88.7	3.2
2. Do you favor the United States encouraging, with aid and equipment, other oriental anti-Communist armies, such as South Korea or Nationalist China, to enter the fight in Indochina?	57.9	37.4	4.7
3. Do you favor sending American soldiers merely to train the friendly Indochinese troops?	42.3	52.5	5.2
4. Do you favor continued aid of arms and equipment from the United States to Indochina?	61.8	33.9	4.3

The results of this poll were not broken down into groups as to age, occupation, sex, or economic status. Practically all of the ballots were signed. Many of them were signed by "Mr. and Mrs." and some were signed by groups. From an acquaintance with many of the people signing the ballots, I can state that returns came from all age groups, many occupations, both sexes, and those of widely varying economic status. Getting involved in Indochina would affect everyone in my district—the boys drafted to go, the funds required to support the action, the foodstuffs and production that would be required. There seems to be no need for any breakdown in considering opinions on these questions; the problems are common to all.

The results show overwhelming opposition to sending American troops into Indochina.

A large percent of the people who answered the questions added remarks because they did not feel they could answer such questions with a simple "yes" or "no." A Congressman can fully appreciate the difficulty of having to say "aye" or "nay" when there are so many qualifying features that he would choose to add before casting his vote for an overall appropriations bill or any complex legislative measures. When the questionnaire was formulated, it was obvious that it would be most difficult to phrase any question concerning the situation that could be answered simply by "yes" or "no," without long and involved explanations. Too many explanations might influence or detract from the number of returns that would be received just as would too many questions. Therefore the poll was limited to four questions, stated as simply as possible.

There is no question that the people of the Seventh District are in favor of a strong, free, and peaceful country. However, some 88.7 percent believe that sending American troops into Indochina would not contribute toward this end. The thinking on the last three questions does not show such a pronounced trend. Only slightly more than half of the ballots, 57.9 percent, favored encouraging with aid and equipment, other oriental anti-Communist armies to enter the fight in Indochina. More than half of the ballots, 52.5 percent, did not favor sending American soldiers merely to train the friendly Indochinese troops. The explanation was often given that in so doing we could so easily get involved ourselves. A larger percent 61.8 percent, favored the continued aid of arms and equipment from the United States to Indochina.

It was interesting and enlightening to read the additional remarks. Regardless of the answers, the remarks written on the ballots or letters attached in no instance showed any friendship or tolerance toward communism or Communist aggression. The difference in answers was due to a variance in reasoning as to how best to handle the situation in order to make and to keep the United States strong and free.

While no actual count was taken and no attempt was made to classify the remarks, I should like to give the gist of the comments and to quote typical remarks. A majority were interested in an Indochina that would be free of French colonialism. "If a way can be found to aid the people of Indochina without at the same time upholding the French or any other form of imperialism, I would be very glad to see the United States do all that can be done." "Yes; if France will guarantee to give Indochina absolute freedom."

Many who answered "Yes" to the first question said, "Let's stop communism before it consumes us," or "I think our Government is appeasing when it should be demanding action," or "We will have to deal with Russia, so don't wait for them to get any more powerful."

Of the many that did not favor sending American troops into Indochina, they expressed themselves thus: "Please keep our boys on this side." "I don't believe in sending our boys over to foreign countries to be killed." "We accomplished nothing in Korea, what more would we accomplish in Indochina?" Don't waste

wealth, manpower, and effort where we can't win." "Let's not rush to put out someone else's fire while our own house is burning down." "See that our own people get aid needed before sending any more across the water." "Let's follow Washington's advice and steer clear of entangling alliances with foreign countries." "I believe the time has come to revalue our entire policy and as rapidly as possible to retire within our bases and build good will in our own hemisphere." "Help others to help themselves but don't do their work for them."

There are those who would favor assisting as a part of a United Nations action: "I am in favor of our helping by joining with the U. N., but not alone." "I favor the United Nations sending troops to any part of the world where there is an uprising against the basic freedoms of mankind." "We are opposed to war and urge negotiations and reconciliation through the United Nations."

In many letters a religious fervor was evidenced: "War is wrong." "War has never solved any problem." "Send them the Gospel and the Bible which teaches that all men are brothers." "The only hope of the world is a movement back to God." "I do not have sufficient understanding of world affairs to answer these questions, but I am praying that you and the others in leadership of our Government may answer them right."

In addition to expressions concerning the Indochina situation, many remarks were given on foreign affairs and local governmental problems. The answers and the returns showed a deep and careful consideration of the questions, thoughtful analysis of problems, and in many instances, refreshing and practical solutions that came from sound spiritual, economical, and practical thinking. I spent many hours reading and deliberating the suggestions. I shall take them into consideration continuously in future legislation. I am more firmly convinced than ever that the people of southern Indiana represent the true American way of life that has made us the greatest nation.

Mr. Churchill's "Appeasement"

EXTENSION OF REMARKS

OF

HON. GEORGE H. BENDER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1954

Mr. BENDER. Mr. Speaker, Winston Churchill would be the first to deny that he is preaching appeasement, but the word, harsh though it is, seems to be the most direct and accurate description of this policy toward communism. Cloak it as he may behind his great eloquence, the fact emerges from the verbiage. What he has counselled amounts to a coexistence program in which the West sits still and behaves quietly while the Soviet world drives relentlessly ahead on its program for world conquest.

In 1927 Joseph Stalin declared that coexistence of the two opposing systems, the capitalism of the West and his communism, should be regarded as a temporary intermediate step until the Soviets had achieved control. Every Communist theorist has emphasized the belief that no peace is possible so long as communism and capitalism exist as competitors. If Mr. Churchill believes that there is anything in the present order of things to alter the Communist line, he should be reminded that Stalin always regarded war with capitalism as inevitable and was prepared to postpone it only until Europe is ripe for revolution or colonial revolutions have come completed to a head. What happened in Korea and in Indochina comes, in the Red view, under the category of these colonial revolutions.

To speak in terms of co-existence without constructive steps on the part of the Western World to prevent this process from running is to advocate suicide for our own civilization. We cannot buy that.

St. Lawrence Seaway Opens Great New Opportunities for 16th Congressional District of Michigan—A Long-Sought Goal Achieved

EXTENSION OF REMARKS

OF

HON. JOHN LESINSKI, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1954

Mr. LESINSKI. Mr. Speaker, the hopes and dreams of many citizens of the 16th Congressional District of Michigan, which I have the honor to represent, were realized recently when the Congress passed and the President signed the St. Lawrence seaway bill.

For me, particularly, it was the culmination of years of wholehearted support for this legislation. For we will soon see, I trust, a greatly enlarged volume of ocean trade coming right to our doorsteps in Detroit.

I believe that my congressional district will probably gain more from the construction of the seaway than any other district in Michigan. It will also bring problems—problems related to growth and expansion and the continued modernization of our schools, water and sewage systems and other facilities.

When the waterway becomes a reality and ocean commerce increases substantially, the needs for docking facilities will also increase, as will the whole tempo of our economic life. Of course we cannot become a port of New York with only a 27-foot channel, but we will, nevertheless, experience a great traffic in smaller vessels for which such a channel will be adequate.

In the legislative work in connection with the passage of the seaway bill, I was genuinely happy to serve with the bipartisan group of Michigan Congressmen who devoted so much time and effort and years of hard work, to this great accomplishment. Congressman DONDERO, as chairman of the House Public Works Committee, was in a particularly strategic position to advance the bill, and did so with great ability. Congressmen RABAUT and DINGELL, with their many years of experience in the Congress and their extremely wide circle of personal friends among the members of both parties, were also outstanding contributors to the final victory. All Members from the Detroit area united in this fight, and we had the support and help of Congressmen from many other areas, including some areas which would not benefit directly from the seaway, although they will benefit as will all America through the aid this seaway will give to our national defense potential.

I personally want to thank all those Members who have helped in our drive for this great project. I can assure them, Mr. Speaker, that it will mean more prosperity in the future not only for the Detroit area and for all others touched by this seaway but for the whole country.

We in the Detroit-Wayne County area look forward to the era of great expansion which this seaway portends. We look back on 50 years of dramatic progress and expansion based on the automobile industry. Our progress in these past 10 years has been truly phenomenal. We expect now to see that continue, with expanded ocean commerce and the widespread ripples that will make across our whole economy.

Congress Charting Middle Road Policies

EXTENSION OF REMARKS

OF

HON. GEORGE H. BENDER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1954

Mr. BENDER. Mr. Speaker, those Democrats who had looked forward to the 83d Congress as an opportunity for airing their time-worn charges of Republican reaction and medieval attitudes have gained little comfort out of the past week. The tax-revision program sponsored by the administration is conservative, but by no means reactionary. The farm-price-support plan represents a recognition of all sides that the common welfare must be considered primary, and compromises have featured the legislative maneuvering. On foreign aid, the assistance regarded as necessary

to maintain economic stability throughout Europe was approved.

These are all victories for the Eisenhower program, but they are also representative of the prevailing attitudes of the American people. We are coming to the viewpoint that our own house must be placed firmly in order if we are to meet the responsibilities of our position in the world on a sound basis. The President's characterization of his thinking as conservative on economics and liberal on human problems has come to be recognized as a wise middle course for legislative action.

No one can predict what will happen in the complexities of foreign affairs, but there has never been a better way to proceed in time of turmoil than the method of cautious, carefully considered progress along the middle way.

Supplementary Benefits for Recipients of Public Assistance Under Social Security Act Programs

EXTENSION OF REMARKS

OF

HON. VICTOR A. KNOX

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1954

Mr. KNOX. Mr. Speaker, I have introduced a bill to provide supplementary benefits for recipients of public assistance under Social Security Act programs through the issuance to such recipients of certificates to be used in the acquisition of surplus agricultural food products. I wish to include herewith my remarks pertaining to this proposed legislation.

Today I have introduced in the Congress a bill to provide supplementary benefits for recipients of public assistance under our Social Security Act programs.

This bill could well be known as the Surplus Food Certificate Act, since its purpose is to provide supplementary benefits for individuals receiving assistance under the programs of old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled, and at the same time to provide for increased domestic consumption of surplus agricultural food products by establishing a program under which the monthly benefit payment to such individuals will be supplemented by the issuance of certificates which may be transferred to retail food product dealers in exchange for surplus agricultural food products at prevailing market prices, and which shall be redeemed at face value by the United States Government upon presentation of the certificates to an authorized person.

Now the term "surplus agricultural food product" means an agricultural commodity specified in an announcement made by the Secretary of Agriculture which is in a form suitable for human consumption and includes any food products processed or manufactured in whole or substantial part of any such commodity.

The bill does provide that the Secretary of Agriculture is authorized and directed, for the purposes of this act, to determine and announce each month the agricultural commodities with respect to which supplies exceed domestic demand to such an extent as to depress the market price below the parity price.

The bill is carefully drafted to provide that each individual receiving assistance or benefits for any month under a program of old-age assistance, aid to dependent children, aid to the blind, or aid to the permanently disabled, shall be entitled to receive as supplementary benefit for such month an amount equivalent to $10 in surplus-food certificates, and definitely provided for in the bill.

The provisions of the bill would be administered under the Secretary of Health, Education, and Welfare. The bill provides that the Secretary shall provide for the preparation of surplus-food certificates for issuance to individuals eligible to participate under the provisions of the bill.

The bill also provides that the surplus-food certificates shall be distributed by the Secretary to the State agency making payment to individuals under the program referred to in section 5 of the bill, and further provides that the Secretary shall prescribe such rules and regulations relative to the eligibility of any individual receiving such surplus-food certificates and will also provide that the Secretary shall provide for the redemption, through the cooperation of banking institutions throughout the Nation, of surplus-food certificates. For such purposes he shall designate banking institutions which shall be authorized to accept such certificates from sellers of food products at retail.

The bill also provides that the Secretary may advance moneys to the banking institutions, where such action appears necessary, to provide funds for the redemption of surplus-food certificates. Such advances shall be accounted for by such banking institutions at least monthly. Or the Secretary may contract to pay banking institutions designated to receive surplus-food certificates a charge for the services rendered.

The bill also provides that the Secretary may from time to time issue such rules and regulations as he deems necessary or proper in order to carry out the purposes and provisions of the act.

Now the criminal provisions provide for anyone who would falsely make, alter, forge, counterfeit, or cause or procure to be falsely made, altered, forged, or counterfeited any such surplus certificates, a severe penalty, the penalty being a fine of not more than $5,000 or imprisonment for not more than 10 years, or both.

I request early consideration of this bill by the Congress to bring some relief to the recipients of public assistance.

Items for the Political Record

EXTENSION OF REMARKS

OF

HON. GEORGE H. BENDER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1954

Mr. BENDER. Mr. Speaker, findings of the House Judiciary Committee on its look-see into what happened a few years ago make interesting reading. For example, the reports indicate:

First. The State Department under Dean Acheson impeded the grand jury's investigation of the infiltration of alleged subversive United States nationals into the U. N. staff.

Second. In the Justice Department, the former Deputy Attorney General under the Truman regime permitted a peculiar income-tax deal in a case involving a criminal tax prosecution.

Third. Similar favoritism was evident in another criminal charge involving mail-fraud indictments which were dismissed by the Justice Department without adequate justification.

Fourth. Grand jury indictments in a series of income-tax cases in Tennessee looked like political high pressuring.

If anyone thinks these are political findings, the record is there to read. More than 50 out of 100 witnesses called before the Federal grand jury on the question of subversive penetration of the U. N. staff pleaded the fifth amendment in refusing to answer questions.

Serving the Health of Wisconsin and the Nation

EXTENSION OF REMARKS

OF

HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Wednesday, June 30, 1954

Mr. WILEY. Mr. President, I have prepared a brief statement with regard to another outstanding forward step by the University of Wisconsin in contributing to the health of the people of my State. I include in the statement comments on the health and well-being of the American people as a whole. I ask unanimous consent that my statement and the other material be printed in the Appendix of the CONGRESSIONAL RECORD.

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

NEW HORIZONS IN TREATMENT OF THE ILL—STATEMENT BY SENATOR WILEY

Looking through the current June 15, 1954, issue of the Wisconsin Alumnus magazine, the official publication of the Alumni Association of the University of Wisconsin, I was pleased to note a writeup of a great new diagnostic center which has been established on the University of Wisconsin campus.

This center will be, as the article describes it, "a symbol of the State's intensified health approach to mental hygiene, and will provide concentrated, specialized, detection services."

It has always been my feeling that man should have long since devoted more attention to the study of the mind, the study of the laws of the mind's health and well-being, just as he has given so much attention to the study of the human body.

We are only beginning to study the mind. We are only beginning to perceive the laws of man's spirit. We are beginning to understand the importance of a wholesome outlook, a healthy viewpoint, the importance of faith and confidence and good cheer. We are beginning to understand how wrong thinking can injure the body, how wrong thinking can prove man's undoing. As Job said in the Book of Books, "The thing which I have feared has come upon me."

In order to assure right thinking, religion, medicine, and every other constructive force plays a vital and interrelated role.

I append now the article from the Wisconsin Alumnus, to be followed by the text of a splendid editorial which appeared in the Friday, June 25, issue of the Milwaukee Journal.

[From Wisconsin Alumnus magazine of June 1954]

CAMPUS IS SITE OF STATE'S DIAGNOSTIC CENTER

New strategy in Wisconsin's battle against mental illness and other forms of maladjustment soon will be introduced, with completion of the $1,200,000 diagnostic center on the university campus.

The 76-bed short-term psychiatric observation hospital is a symbol of the State's intensified health approach to mental hygiene and will provide concentrated, specialized detection services.

Dr. Leslie A. Osborn, director of the Wisconsin Psychiatry Institute in the UW Medical School and of the mental hygiene division in the State department of public welfare, said the center is part of the expanding program to care for, treat, and rehabilitate Wisconsin's psychiatric patients.

The center operates under the administration of the department of public welfare, but is staffed by University of Wisconsin medical faculty. It will function like other university medical institutions, and in addition to clinical activities, research and training will be important roles.

"The training aspect is particularly important," Dr. Osborn said. "We can't provide adequate psychiatric care, nor promote successful mental health programs, without an adequate supply of trained professional personnel."

The diagnostic center will give special attention to the beginnings of trouble, the psychiatrist said. Consequently much of the emphasis in its work will be on children and the entire second floor has been designed for youngsters. Accommodation for 2 children has been provided with 2 day rooms and rumpus rooms.

Fifty single rooms have been included in the building for adults. Men will be housed on the fourth floor. This floor also has a gymnasium-type rumpus room with the addition of class and conference rooms.

Heart of the building is the first floor, with offices for professional interviews and studies, play therapy, class and conference rooms, medical examinations, and consultant staff. This floor also houses the administrative personnel of the division of mental hygiene.

The basement will house a small laboratory and drug room, an electro-encephalogram laboratory; occupational therapy space, and a library. It will also contain a kitchen and cafeteria, and services for the 70 nonmedical employes.

Although the building is designed to accommodate 76 patients, provision is made for the addition of three more floors if expansion is necessary.

Construction of the diagnostic center began in September 1952 following agreements on details by the University of Wisconsin board of regents and the State board of public welfare. The project was authorized by State legislation passed in 1943.

"It is extremely significant that the State of Wisconsin should have foreseen the desirability of the health approach in psychiatry at a time when the medical profession generally was just waking up to the need of preventive and early diagnostic facilities," the director said.

[From the Milwaukee (Wis.) Journal of June 25, 1954]

STATE READY TO START NEW WORK AT DIAGNOSTIC CENTER

A hopeful new chapter in the care and treatment of Wisconsin persons committed to the State department of public welfare—particularly the children and young people with extreme personality and behavior problems—will shortly begin at Madison. The State diagnostic center is now being occupied by the division of mental hygiene. Toward the end of July it hopes to receive its first patients.

The center is a wholly new institution for Wisconsin, although the need for it was foreseen a dozen years ago and serious planning began in 1944. Its superintendent will be Dr. Leslie A. Osborn, who already fills the twin roles of director of psychiatry at the university and director of the mental hygiene division.

Physically, the center is a modern, functional building with a capacity of 76 patients. Offices and treatment facilities are grouped on the main floor. Quarters for children, men, and women are on the upper three floors. Food service, recreation space, and utilities are in the basement.

The site of the $1.2 million building is on the University of Wisconsin campus adjoining the Wisconsin general hospital. The location will permit a sharing of staff between the center and university. The general hospital's medical facilities will be immediately available. Medical students will observe proceedings at the center, and it is hoped that psychiatrists and other professional people who are in such demand everywhere will be attracted to Wisconsin by the new facility.

As first conceived, the center was supposed to examine all persons committed to the welfare department, except those sent to the State mental hospitals. Actually the limited bed capacity will not permit such an undertaking. The thinking that evolved as the center was planned and then constructed was that the patients who needed diagnosis most would be accepted by the center for study and a recommended course of treatment or handling. Such patients might include, for example, a frustrated and bitter child from the child center at Sparta, or a disturbed and delinquent boy from the boys' school at Waukesha.

The newness of the undertaking and the need to organize the staff and work out procedures will require the center to work slowly. A grave concern is that there may be a rash of commitments. For the center to be overloaded with patients at the start might prevent it from fulfilling the high hopes held for it.

An excellent building has been provided and part of the staff has been assembled. A blacklog of cases is available at the various institutions and in some foster homes. With careful study the expectation is that the complicated problems of these patients may be cleared up so that they can become well adjusted, productive, self-supporting citizens rather than State charges.

CONTRIBUTION OF MENNINGER FOUNDATION

As the Alumnus pointed out, no research institution can, of course, do the job unless it has adequate trained personnel.

Reading these articles brought to mind America's indebtedness to those sources which contribute to the pool of trained personnel capable of understanding and treating the human mind.

One such source—a great training center in our Midwest neighbor State of Kansas—is famed throughout the world for its contributions. It is the Menninger Foundation, of Topeka.

There are few, if any, psychiatric centers in the United States or elsewhere which have not been enriched directly or indirectly—by the contributions of the world-renowned foundation.

In a recent booklet, entitled "For Better Living in a Better World Through Mental Health," the foundation described certain of the background facts including the inspired origins of this great nonprofit medical organization. For more than three decades, under a famous father and his two equally famous sons, Charles, Karl, and William Menninger, the foundation has been blazing new trails in understanding and treatment of the problems of the mind.

I have selected certain excerpts from this brochure. I think that they serve as a revealing supplement to what is being done in the University of Wisconsin and in other States of the Union.

From my own State, incidentally, Mrs. Carl W. Eberbach and Mr. Walter Harnischfeger serve on the board of governors of the foundation. Here in the District of Columbia and in other areas of the Nation, leading citizens contribute generously in their service as governors of the foundation.

Here in the District, too, I might note, a vital new Mental Health Society is already making its constructive influence felt in this important general field of mental hygiene.

I point out in conclusion, that recently America's 1954 National Mental Health Fund Campaign was successfully carried on under the able direction of Fleet Adm. W. F. Halsey, USN, retired.

EXCERPTS FROM BROCHURE OF MENNINGER FOUNDATION, TOPEKA, KANS.

The greatest victory over disease is yet to come. While we have learned to lengthen the life of the human body, we have not yet defeated the illnesses which attack the human spirit. This final victory, when it comes, must give to all who participate in it the deepest and most enduring satisfaction.

The disordered spirit shows itself in subtle ways—the youngster who steals, the bright boy who fails in school, the skilled employee who is an habitual absentee, the young woman who has had five husbands and as many divorces.

It accounts for 60 percent of lost jobs and 70 to 80 percent of accidents. Behind every alcoholic, every crime, every suicide is a story of maladjusted personality.

In our public and private hospitals the mentally ill make up a population greater than that of the city of Pittsburgh and fill more hospital beds than the victims of cancer, tuberculosis, heart disease, and all other physical illnesses combined; the burden of their care requires a third of the budget of many of our States. Outside of hospitals the mentally ill number, at the least estimate, 10 times the amount of those within; scarcely a family has escaped.

Yet, just as mental illness is America's greatest health problem, mental health can be its greatest asset. Mental health means "the adjustment of human beings to the world and to each other with a maximum of effectiveness and happiness—not just efficiency, or just contentment, or the grace of obeying the rules of the game cheerfully. It is all of these together. It is the ability to maintain an even temper, an alert intelligence, socially considerate behavior, and a happy disposition."

In industry mental health can mean greater harmony, less employee turnover, more efficient production; in the classroom mental health can mean increased ability and desire to learn; in national defense mental health can mean less selfishness, better citizenship, more will to win. To each of us mental health can mean better living in a better world. This is the meaning of the Menninger Foundation.

THE MENNINGER FOUNDATION

The Menninger Foundation is a nonprofit professional organization dedicated to the conquest of mental illness and the improvement of mental health. It is a training center for psychiatric personnel and a research center where specialists of many fields are seeking to learn more about the hidden workings of the human mind, to find the roots of mental illness and to find surer means of curing and preventing it. Its hospital and clinic for adults, and its school and clinic for children, are pilot plants where new techniques of treatment—developed by research—can be tested and refined.

The Menninger Foundation owes its existence to the vision of a Kansas family doctor. It was in 1908, after a visit to the Mayo Clinic, that Dr. Charles Fredrick Menninger dreamed that his young sons should be doctors and that together they would establish the Menninger Clinic. In 1919 his dream came true, but in a rather different way than he had first expected. The newly born Menninger Clinic adopted the specialty of psychiatry.

In those days psychiatry was even less well understood than today. Mental hospitals were asylums. The mentally ill were insane. Psychiatric aides were guards and bughousers. It is said that polite ladies blushed at the mention of Freud, and most people felt that a good licking was the best cure for neurosis. Psychiatrists going into private practice in big cities like New York, Chicago, and Los Angeles were finding it hard going. The Menningers were warned that failure or—at best—State hospital jobs awaited them in Topeka.

Yet, however unrecognized, the need was there. Before long the flow of sick, unhappy individuals was greater than Dr. C. F. and his psychiatrist sons, Karl and William, could handle in their downtown Topeka office. They recruited a staff. With the help of friends in the community they bought and remodeled a farmhouse on the edge of town, built two small hospital buildings, added offices, a medical library, craft shops, and recreation therapy buildings for patients.

Since the Menningers and their associates had little money, just faith and ideas, they improvised facilities as they went along: a barn, a hamburger stand, and a gas station were hitched together to become an attractive office building; a two-car garage was remodeled as the headquarters of the nursing staff; and old stable was dressed up to make a canteen and recreation hall for patients. If there was any profit left over after taking care of their patients, the group invested it in more staff, in a new research program, in the training of another psychologist or psychiatrist.

In 1941, the Menningers and their associates established the Menninger Foundation, a nonprofit institution in fact as well as in spirit. A charter of incorporation was issued, authorizing the Menninger Foundation to accept tax-free gifts for research, professional education and the treatment of needy patients. Within the following few years all of the properties—land, buildings, books, furnishings and equipment—of the Menninger Clinic were turned over as gifts to the Menninger Foundation, governed by a board of trustees later supplemented by a board of governors.

Today, the Menninger Foundation employs about 370 persons, more than one-third of these professionally trained. Its expenditures exceed $2 million annually. Through its alumni and its publications, the fruits of its work have reached into many parts of the world.

THE PSYCHIATRIC COMMUNITY

To understand the Menninger Foundation one must know the psychiatric community of which it is the core. A radius of 3 miles encompasses a group of institutions and clinics which make Topeka one of the psychiatric centers of the world. These 7 institutions care for more than 3,500 patients and are staffed by about 75 psychiatrists, 35 clinical psychologists, and 45 psychiatric social workers, in addition to neurologists, neurosurgeons, general surgeons, internists, pathologists, adjunctive therapists, nurses and many other specialists. All of these institutions are administratively independent of one another, but are affiliated with the Menninger Foundation through the Menninger School of Psychiatry. Collaborating as a unit, they train nearly 100 psychiatric residents, 25 internes and residents in clinical psychology, 20 trainees in psychiatric social work, and additional students in psychiatric nursing, adjunctive therapy, marriage counseling and other related disciplines.

TRAINED PERSONNEL: THE BIGGEST BOTTLENECK

At some time in his life, one member of every fifth American family will be a patient in a public mental hospital.

This member of an American family will probably stay in that hospital for at least 4 or 5 years, and there is 1 chance in 5 he will never leave. Unless he is an exception, he will find indifferent custody instead of intelligent treatment. Instead of nurses, he may have guards. He may never see a doctor. One State's governor said that "Our cows get better care."

Why is this so? If it is true that from 70 to 80 percent of psychiatric patients can be cured—even within the present limits of knowledge—why are hundreds of thousands of Americans spending years, even lifetimes, of bleak despair as the helpless and hopeless wards of our tax-supported hospitals?

The plain truth is that there is a critical shortage of the professionally trained people whose job it is to treat these mentally ill and restore them to their communities. According to the American Psychiatric Association there are today less than 7,000 physicians practicing psychiatry in the entire United States, though the minimum requirement—to meet only the most urgent needs—is for 20,000. Yet scarcely 400 complete training each year. Professional workers in related specialties are in equally short supply.

The plight of patients in our hospitals is perhaps the most dramatic need. But there are others—of more far-reaching implications. Once let industrialists fully awaken to the potential application of psychiatric principles to personnel problems, once let educators catch a greater vision of what psychiatric knowledge can do in the classroom, once let more lawyers and jurists seek psychiatric help to combat divorce, delinquency, and crime—and there would be a demand for psychiatric services many times greater than the present supply.

PROFESSIONAL EDUCATION AT THE MENNINGER FOUNDATION

The training of psychiatric personnel is an important function of the Menninger Foundation. The Menninger School of Psychiatry provides 3-year training to approximately 100 physicians at a time. Likewise important is the training provided for clinical psychologists, psychiatric social workers, adjunctive therapists, marriage counsellors, and others.

Through the Topeka Institute for Psychoanalysis, advanced training in psychoanalysis has been available since 1942. Approximately 45 candidates are enrolled in the programs of the institute, which is the only one in the United States whose faculty is composed primarily of men and women who are devoting full time to psychoanalytic training and research.

Child psychiatry is another field of advanced training provided at the Menninger Foundation. In the entire United States there are only a few hundred psychiatrists specially qualified to deal with the emotional problems of children.

Plans are being crystalized and financial support sought for a program of advanced training in administrative psychiatry: the task of organizing and directing large-scale treatment programs in clinics, hospitals, prisons, and reformatories requires capabilities not developed by the treatment of individual patients.

The need for trained personnel in mental health is so great that no institution, however large, could do the whole job. Therefore the Menninger Foundation not only trains personnel but develops educational methods which can be used elsewhere to increase the scope and improve the effectiveness of psychiatric training. The Menninger School of Psychiatry was a pioneer in the change from the "apprenticeship" type of training for psychiatrists to the "graduate school" program. This new approach, with its organized curriculum and careful rotation of clinical assignments, not only permitted a 20-fold increase in the Foundation's own training programs, but has been a significant influence in the nationwide expansion of psychiatric education since World War II. It has become standard practice in training centers throughout the country.

Question of the Week

EXTENSION OF REMARKS

OF

HON. GEORGE H. BENDER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 1954

Mr. BENDER. Mr. Speaker, the Premier of France expects to conclude the Indochinese war this month in a peace with honor. Whose honor? And peace for how long?