SENATE

FRIDAY, FEBRUARY 25, 1955

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

Father of all mankind, whose love no manmade barriers can shut out, as this day we ascend the world's great altar stairs sloping through darkness up to Thee, we would stretch out lame hands and with our fallible requests come not with a philosophy of prayer, but in the practice of this greatest of all powers which, as with golden chains, ties our human race around the throne of the eternal. On this world day of petition we would join our aspiring desires with those of Thy children under all skies—

"As o'er each continent and island
The dawn leads on another day,
The voice of prayer is never silent,
Nor dies the strain of praise away."

With all dividing walls down, with no curtain separating us from those who call on Thee in all lands, we pray for the leaders of this sadly sundered world, that they may be guided by the spirit of the one God over all. We pray for the millions of God-fearing people who look up to Thee even as they are bound with the shackles of a temporary tyranny. We pray for those in the captive lands who strive and struggle patiently, who suffer silently, as their ruthless leaders endeavor to put out their altar fires.

We thank Thee for the inner shrine in human hearts where blaze the candles of faith which no iron fingers can blot out. And for our America, whate'er our name or sign, create in us clean hearts, O God, and renew right spirits within us. And on this day of prayer which encircles the globe, make our hearts the altars and Thy love the flame. We ask it in the name of the Elder Brother of all men. Amen.

THE JOURNAL

On request of Mr. CLEMENTS, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, February 23, 1955, was dispensed with.

MESSAGES FROM THE PRESIDENT

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, informed the Senate that, pursuant to the provisions of title 16, section 513, United States Code, the Speaker had appointed as members of the National Forest Reservation Commission, on the part of the House, Mr. COLMER, of Mississippi, and Mr. COON, of Oregon.

The message announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 3828) to adjust the salaries of judges of United States courts, United States attorneys, Members of Congress, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CELLER of New York, Mr. WALTER of Pennsylvania, and Mr. REED of Illinois were appointed members on the part of the House at the conference.

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

H. R. 2581. An act to promote the national defense by authorizing the construction of aeronautical-research facilities by the National Advisory Committee for Aeronautics necessary to the effective prosecution of aeronautical research;

H. R. 3952. An act to amend the cotton marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; and

H. R. 4048. An act making recommendations to the States for the enactment of legislation to permit and assist Federal personnel, including members of the Armed Forces, and their families, to exercise their voting franchise, and for other purposes.

HOUSE BILLS REFERRED

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

H. R. 2581. An act to promote the national defense by authorizing the construction of aeronautical-research facilities by the National Advisory Committee for Aeronautics necessary to the effective prosecution of aeronautical research; to the Committee on Armed Services.

H. R. 3952. An act to amend the cotton marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture and Forestry.

H. R. 4048. An act making recommendations to the States for the enactment of legislation to permit and assist Federal personnel, including members of the Armed Forces, and their families, to exercise their voting franchise, and for other purposes; to the Committee on Rules and Administration.

LEAVE OF ABSENCE

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the senior Senator from Washington [Mr. MAGNUSON] be given leave of the Senate until Tuesday, March 1, in order that he may attend the joint session of the Washington State Legislature which is to honor him on his 25th anniversary as a distinguished public servant.

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

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. GORE, and by unanimous consent, the Subcommittee on Roads of the Committee on Public Works was authorized to meet during the session of the Senate today.

Mr. KILGORE. Mr. President, I ask unanimous consent that the Committee on the Judiciary may meet this afternoon during the session of the Senate, for the purpose of concluding hearings on the nomination of John Marshall Harlan to be a Justice of the Supreme Court. For the information of the Senate, and in order to enable members of the Committee to be present at the meeting promptly, I wish to say that the meeting will start immediately.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. CLEMENTS. Mr. President, under the rule, there will be a morning hour for the presentation of petitions and memorials, the introduction of bills, and other routine matters. I ask unanimous consent that the Senate operate under a 2-minute limitation with reference to statements made in connection therewith.

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

EXECUTIVE COMMUNICATIONS, ETC.

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

EXAMINATION PRELIMINARY TO PROMOTION OF OFFICERS OF NAVAL SERVICE

A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to provide for the examination preliminary to promotion of officers of the naval service (with an accompanying paper); to the Committee on Armed Services.

REPORT ON WITHDRAWALS OF CERTAIN PUBLIC LANDS

A letter from the Assistant Secretary of the Interior, reporting, pursuant to law, on the withdrawals of certain public lands, for the calendar year 1954 (with accompanying papers); to the Committee on Interior and Insular Affairs.

PETITIONS

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

By the PRESIDENT pro tempore:

A concurrent resolution of the Legislature of the State of Georgia; to the Committee on the Judiciary:

"Resolution memorializing Congress to call a convention for the purpose of considering an amendment to the Constitution of the United States relative to the administration by the several States of their respective school systems

"Whereas recent decisions of the Supreme Court of the United States have tended to withdraw from the sovereign States the power to administer their respective school systems in a fashion never contemplated by the ratifiers of the 14th amendment; and

"Whereas this unconscionable usurpation of power, if not restricted, will ultimately result in the destruction of every vestige of State-supported and regulated public education: Now, therefore, be it

"*Resolved by the house of representatives (the senate concurring)*, That the General Assembly of Georgia respectfully petition the Congress of the United States to call a convention for the purpose of proposing the following article as an amendment to the Constitution of the United States:

"'ARTICLE —

"'SECTION 1. Anything in this Constitution to the contrary notwithstanding, the several States shall have exclusive authority to

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regulate, administer, and operate their respective educational systems as they may deem necessary and proper, and neither the Congress, the President, nor anything in this Constitution shall in anywise interfere therewith or otherwise affect the same.

" 'SEC. 2. The Supreme Court, the several district courts and courts of appeal, and any and all other Federal judicial tribunals, quasi-judicial tribunals, and all administrative or executive agencies, shall have no jurisdiction to decide or consider, either originally, on appeals, or by other means of review, any matter drawing in question the administration by the several States of their respective educational systems'; be it further

"*Resolved*, That the Congress of the United States be, and it hereby is, requested to provide as the mode of ratification that said amendment shall be valid to all intents and purposes, as part of the Constitution of the United States, when ratified by the legislatures of three-fourths of the several States; be it further

"*Resolved*, That a duly attested copy of this resolution be immediately transmitted to the Secretary of the Senate of the United States, the Clerk of the House of Representatives of the United States, and to each Member of the Congress from the State of Georgia; be it further

"*Resolved*, That a duly attested copy of this resolution be immediately transmitted to the Governor of every State and the president of the State senate of every State and the speaker of the house of every State for the express purpose of encouraging these sovereign States to take similar action in their legislatures.

"MARVIN E. MEATE,
"*Speaker of the House.*
"JOS. BOONE,
"*Clerk of the House.*
"S. ERNEST VANDIVER,
"*President of the Senate.*
"GEORGE D. STEWART,
"*Secretaary of the Senate.*

'Approved this 29th day of January 1955.

"MARVIN GRIFFIN,
"*Governor.*"

A resolution of the Legislature of the State of Nebraska; to the Committee on Appropriations.

"Legislative Resolution 10

"Re memorialization of Congress to appropriate sufficient funds to complete Glendo Dam in 1957

"Whereas the United States Bureau of Reclamation, Department of the Interior, is presently constructing Glendo Dam on the North Platte River in the State of Wyoming for the purpose, among others, of furnishing supplemental storage water for irrigated lands in eastern Wyoming and western Nebraska; and

"Whereas a contract for construction of said Glendo Dam has been awarded, which contract provides for completion of the dam in early 1958; and

"Whereas the contractor has indicated a willingness, without any increase in the cost of the work, to prosecute the work as rapidly as available funds will permit, and to complete the dam 1 year earlier than scheduled if sufficient funds are provided; and

"Whereas the earliest possible completion of Glendo Dam is of the utmost importance in order to relieve a critical water shortage in the North Platte Valley of eastern Wyoming and western Nebraska, which shortage endangers the general economy of the area and threatens the security of hundreds of farm families; and

"Whereas the accelerated completion would not only make storage water available 1 year earlier without any increase in cost to the Government but would actually result in benefits to the Government, including increased revenues from sale of electric energy and lower costs of supervising the work: Now, therefore, be it

"*Resolved by the members of the Nebraska Legislature in 67th session assembled:*

"1. That the 84th Congress of the United States be memorialized to provide appropriations for Glendo Dam in such amounts as may be necessary to support a construction program designed to complete said Glendo Dam in 1957 instead of 1958 as presently planned.

"2. That copies of this resolution, suitably engrossed, be transmitted by the clerk of the legislature to the Vice President of the United States as presiding officer of the Senate of the United States, to the Speaker of the House of Representatives of the United States, and to each Member from Nebraska in the Congress of the United States.

"C. J. WARNER,
"*President of the Legislature.*"

Resolutions of the General Court of the Commonwealth of Massachusetts; to the Committee on Finance:

"Resolutions memorializing Congress against passing legislation reducing tariff rates on textile imports from foreign countries

"Whereas the textile industries in Massachusetts are being affected economically by legislation favorable to textile imports from foreign countries; and

"Whereas the continuance of the textile industry in the Commonwealth is essential to its economic development; now, therefore, be it

"*Resolved*, That the House of Representatives of the Commonwealth urges the Congress of the United States not to pass any legislation granting a decrease of tariff rates on textile imports from foreign countries; and be it further

"*Resolved*, That copies of these resolutions be sent forthwith by the secretary of the Commonwealth to the President of the United States, to the Presiding Officer of each branch of Congress, and to each of the Members thereof from this Commonwealth."

A joint resolution of the Legislature of the Territory of Alaska; to the Committee on Appropriations:

"Senate Joint Memorial 4

"*To the President of the United States, the Congress of the United States, and the Delegate to Congress from Alaska:*

"Your memorialist, the Legislature of the Territory of Alaska, respectfully submits that:

"Whereas the national laws provide that each State containing a national forest is entitled to receive as a payment in lieu of taxes on such forest lands an amount equal to 25 percent of the proceeds from timber sales, such payments to be used for the support of schools and roads in national forest areas; and

"Whereas by special act of Congress, applicable only to Alaska and no other Territory or State of the United States, the proceeds from timber sales in the Tongass National Forest have been impounded in the United States Treasury and are not available for regular distribution to Alaska; and

"Whereas the amount of money so impounded on October 1, 1954, totaled $1,428,662.96 of which the Territory was properly entitled to the sum of $357,165.74; and

"Whereas the amounts received from such timber sales are increasing due to the development of the forests of Alaska, and the annual amount to which Alaska is rightfully entitled on the same basis as all other Territories and States would be of benefit to the programs for schools and roads in Alaska; and

"Whereas the amounts impounded have been set aside, and should be kept available, for the settlement and proper determination of the entitlement of natives of Alaska to such lands in the Tongass National Forest.

"Now, therefore, your memorialist, the Legislature of the Territory of Alaska in 22d session assembled, respectfully urges that the Congress appropriate an amount equal to 25 percent of the amount of Tongass timber receipts now impounded; and that, hereafter, the Congress annually appropriate an amount equal to 25 percent of the Tongass timber receipts impounded in each preceding year.

"And your memorialist will ever pray.

"Passed by the senate February 2, 1955.

"JAMES NOLAN,
"*President of the Senate.*

"Attest:

"KATHERINE T. ALEXANDER,
"*Secretary of the Senate.*

"Passed by the house February 10, 1955.

"WENDELL P. KAY,
"*Speaker of the House.*

"Attest:

"JOHN T. MCLAUGHLIN,
"*Chief Clerk of the House.*"

A joint resolution of the Legislature of the Territory of Alaska; to the Committee on Public Works:

"House Joint Memorial 5

"*To the President of the United States, the Secretary of Commerce, the Secretary of the Interior, the President of the Senate of the United States Congress, the Speaker of the House of the United States Congress, the Chairman of the Senate Committee on Commerce, the Chairman of the House Committee on Commerce, and to the Delegate in Congress From Alaska:*

"Your memorialist, the Legislature of the Territory of Alaska, in 22d regular session assembled, respectfully submits that:

"Whereas a committee headed by Gen. Lucius D. Clay has prepared for the President of the United States a Federal-State-local highway program that would cost a total of $101 billion over the next 20 to 30 years; and

"Whereas the road program as presented by the Clay committee calls for a Federal expenditure of $24 billion in improving highways throughout the United States; and

"Whereas the road needs of the Territory of Alaska are nowhere mentioned in the report or included in its recommendations for large Federal expenditures on highway improvements; and

"Whereas no area under the American flag stands in greater need of improved and extended highways than does the Territory of Alaska; and

"Whereas General Clay is reported to have advised the Governor of Alaska that while his directive from the President on preparation of his report excluded consideration of road needs of areas outside the 48 States and the District of Columbia he suggested that Alaska's problem be brought to the attention of the committees of the Congress which will deal with the recommendations in the Clay committee report; and

"Whereas the Territory of Alaska has been excluded from participation under the Federal Highway Act, with the result that there is a 35-year accumulation of road needs for which Federal financial assistance is appropriate; and

"Whereas the construction and improvement of trunk roads in Alaska is of benefit to the Nation from the standpoint of national defense and economic development: Now, therefore, be it

"*Resolved by the Legislature of the Territory of Alaska, in 22d regular session assembled*, That the national administration and Congress include Alaska in any special Federal-State-local highway program which may

be evolved as a result of the recommendations of the Clay committee.

"And your memorialist will ever pray.

"Passed by the house February 4, 1955.

"WENDELL P. KAY,
"*Speaker of the House.*

"Attest: "JOHN T. MCLAUGHLIN,
"*Chief Clerk of the House.*

"Passed by the senate, February 14, 1955.

"JAMES NOLAN,
"*President of the Senate.*

"Attest: "KATHERINE T. ALEXANDER,
"*Secretary of the Senate.*"

By Mr. CHAVEZ:

A joint resolution of the Legislature of the State of New Mexico; to the Committee on Interstate and Foreign Commerce:

"Senate Joint Memorial 7

"Joint memorial memorializing the Congress of the United States to amend the Natural Gas Act

"Whereas recent interpretation of the Federal Natural Gas Act by the Supreme Court of the United States, and the recent interpretation of that Supreme Court decision by the Federal Power Commission, threaten the traditional and historical right of the State of New Mexico to regulate and control the production and gathering of oil and gas in the best interest of the people of the State of New Mexico and the Nation; and

"Whereas despite 14 years of interpretation to the contrary, the recent Supreme Court interpretation of the Natural Gas Act and the orders of the Federal Power Commission based on that interpretation, would now apply control of price and market for gas to independent producers; and

"Whereas the State of New Mexico, through the commissioner of public lands, the commissioner of public lands being the trustee of State lands under the Federal Enabling Act, is the largest royalty owner of oil and gas in the State; and

"Whereas royalties, rentals, and bonuses from oil and gas on State land are the major support of public schools and State institutions; and

"Whereas the regulation of the independent production of gas, and the inevitable resultant regulation of the production of oil, by the Federal Power Commission contemplates control of the price received for these resources at the wellhead, thus affecting the right and the duty of the New Mexico Commissioner of Public Lands to receive the full benefit of its State lands for the schools and institutions of the State, such royalties, rentals, and bonuses commensurate with a fair price established by arm's length negotiations; and

"Whereas the State of New Mexico, through its oil conservation commission, has pioneered in laws and regulations to prevent waste of oil and gas and has spent many years establishing a method of control beneficial to the State and the Nation, and fair to those engaged in the oil and gas exploration and production business; and

"Whereas the State of New Mexico does not recognize the independent producer of natural gas as a public utility; and

"Whereas this legislature and the responsible officials of the State of New Mexico recognize:

"That the tried and proven method of arm's length negotiations has been beneficial to the development and establishment of the reserves of both oil and gas;

"That the industry under these circumstances has met rapidly the expanding demand for gas and currently supplies almost one-fourth of the Nation's mineral energy;

"That the field price of gas on a heat content basis is far lower in cost than any other fuel;

"That the natural gas producers' field price currently amounts to less than 10 percent of the residential consumers' gas bill;

"That since 1945, the cost of living has risen almost 50 percent yet the cost of gas to the household consumer has risen only 12 percent;

"That the State of New Mexico and the Nation's fuel problem can better be served by a continuation of the long-standing interpretation of the Natural Gas Act wherein independent producers were excluded from Federal Power Commission control: Now, therefore, be it

"*Resolved,* That the 22d Legislature of the State of New Mexico does hereby memorialize the Congress of the United States to take such steps as are necessary to amend the Natural Gas Act to exclude the independent producers of natural gas from the control of the Federal Power Commission; and be it further

"*Resolved,* That copies of this memorial be sent to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives of the United States, and the Members of Congress, and to such other officials as the Governor of the State of New Mexico shall deem advisable.

"JOE M. MONTOYA,
"*President, Senate.*

"EDWARD G. ROMERO,
"*Chief Clerk, Senate.*

"DONALD D. HALLEM,
"*Speaker, House of Representatives.*

"FLOYD CROSS,
"*Chief Clerk, House of Representatives.*

"Approved by me this 18th day of February 1955.

"JOHN F. SIMMS,
"*Governor, State of New Mexico.*"

By Mr. KERR:

Two concurrent resolutions of the Legislature of the State of Oklahoma; to the Committee on Agriculture and Forestry:

"House Concurrent Resolution 505

"Concurrent resolution memorializing the Congress of the United States to enact necessary legislation giving aid to certain farmers of the State of Oklahoma

"Whereas the control of crop production or restriction placed upon the use of farm lands for certain purposes by the United States Government has created depressed financial conditions among thousands of people who have resided upon and personally operated farm lands in the State of Oklahoma; and

"Whereas by reason of the conditions set forth in the first paragraph hereof, hundreds and thousands of farmers, who owned and personally operated not to exceed 160 acres of land, have been compelled to move to the cities and towns throughout the State and seek employment in industries in order that they may support and maintain themselves and their families and that such conditions have been brought about by no fault of the people of the State of Oklahoma; and

"Whereas the people of the State of Oklahoma are entitled to immediate legislation, having for its purpose the relief of the needy and destitute farmers of the State of Oklahoma who now own and personally operate or who formerly owned and personally operated not to exceed 160 acres of land in the State of Oklahoma for agricultural purposes: Now, therefore, be it

"*Resolved by the House of Representatives of the State of Oklahoma (the Senate of the State of Oklahoma concurring therein),* That the Congress of the United States be and is hereby requested to enact necessary laws which will provide for the immediate relief of farmers throughout the State of Oklahoma, who own, reside upon and personally operate or who may hereafter own, reside upon and personally operate not to exceed 160 acres of land for agricultural purposes, by removing all restrictions, conditions and limitations governing the number of acres of land which each of such farmers may operate and the kind or amount of agricultural products which they may produce; that in so doing, the cities and towns of the State of Oklahoma will be greatly relieved of congested population for which there is insufficient housing; that the standard of living of such farmers will be greatly improved and industries, other than farming, may then absorb the vast number of unemployed; be it further

"*Resolved,* That copies of this resolution be forwarded to each Member of the Oklahoma delegation in Congress.

"Adopted by the house of representatives the 7th day of February 1955.

"B. E. HARKEY,
"*Speaker of the House of Representatives.*

"Adopted by the senate the 8th day of February 1955.

"PINK WILLIAMS,
"*President of the Senate.*"

"House Concurrent Resolution 508

"Concurrent resolution relating to cotton acreage control; memorializing the President and the Congress of the United States to pass suitable legislation increasing present cotton acreage allotments and establishing a long-range cotton acreage program

"*To the President and the Congress of the United States of America:*

"Your memorialist respectfully represents:

"Whereas the exports of cotton from the United States have increased from approximately 3,500,000 bales in 1953, to approximately 5,000,000 bales in the year 1954; and

"Whereas domestic consumption of this commodity has also greatly increased during the past year, and as a result thereof there has been an unexpected diminishing of the supply of carryover cotton; and

"Whereas this situation, in the absence of proper cotton-acreage allotments, may lead to unrestricted planting and possible acute overproduction in the year 1956.

"Therefore, your memorialist, the 25th Legislature of the State of Oklahoma, prays:

"1. That the President and Congress of the United States consider legislation which will permit increased cotton acreages for the year 1955, and develop a stabilized long-range cotton-acreage program which will eliminate the uncertainties attendant to fluctuations in acreage allotments.

"2. That a copy hereof be sent to each Member of the Oklahoma delegation in Congress and to the Honorable President of the United States.

"Adopted by the house of representatives the 1st day of February 1955.

"B. E. HARKEY,
"*Speaker of the House of Representatives.*

"Adopted by the senate the 3d day of February 1955.

"PINK WILLIAMS,
"*President of the Senate.*"

A concurrent resolution of the Legislature of the State of Oklahoma; to the Committee on Finance:

"House Concurrent Resolution 503

"Concurrent resolution relating to the importing of crude oil from foreign countries memorializing the President and the Congress of the United States to enact suitable legislation to curb the imports of crude oil from foreign countries

"*To the President and the Congress of the United States of America:*

"Your memorialist respectfully represents:

"That crude oil and petroleum products are among Oklahoma's greatest natural resources; that the State of Oklahoma has taken every precaution to properly conserve its crude oil reserves by limiting production to conform with local demands.

"That competition from foreign imports have a tendency to nullify the efforts of the State of Oklahoma and of other States to properly conserve their oil reserves and that such imports should, therefore, be controlled

in proportion to domestic production and demand.

"That when drastic curtailment in oil production was imposed within the United States during the year of 1954 to the extent that the economy of the State of Oklahoma was on the verge of economic chaos, imports of foreign oil to the United States were being increased: Now, therefore, be it

"Resolved by the House of Representatives of the State of Oklahoma (the Senate concurring therein):

"1. That the President and Congress of the United States enact legislation curtailing and controlling the imports of foreign crude oil and petroleum products to the United States, in such a manner that the present rate of imports be reduced 50 percent and in the future that such imports be permitted only in direct ratio to domestic demand and production of such products within the boundaries of the United States.

"2. That copies hereof be transmitted to the Honorable President of the United States and to the Oklahoma delegation in Congress.

"Adopted by the house of representatives the 18th day of January 1955.

"B. E. HARKEY,
"Speaker of the House of Representatives.

"Adopted by the senate the 10th day of February 1955.

"PINK WILLIAMS,
"President of the Senate."

RESOLUTION OF COMMON COUNCIL OF CITY OF RICHMOND, KY.

Mr. CLEMENTS. Mr. President, I present for reference to the Senate Finance Committee, and ask unanimous consent to have printed in the RECORD, a resolution adopted by the Common Council of the City of Richmond, Ky., in support of an adequate tariff as a protection to a local industry, namely, the Richmond, Ky., plant of the Westinghouse Electric Corp.

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

Resolution A-62

Resolution adopted by the Common Council of the City of Richmond, Ky., in support of an adequate tariff as a protection to a local industry

Whereas the local Westinghouse miniature light bulb plant, with an annual payroll in excess of $1 million, constitutes a major element n the economy of Richmond and Madison County; and

Whereas the continued operation of said plant, as well as other like plants, is dependent on the companys' ability to retain their markets for such products in competition with such products imported from foreign countries where very low standards of wages and living prevail; and

Whereas legislation is pending in the Congress of the United States to reduce from 20 percent to 15 percent the import tax or tariff on such products, which reduction, if it becomes effective, will compel all domestic manufacturers of such products to abandon all but their most centrally located and efficient plants, thereby adding to the existing burden of unemployment and hardship, in Richmond and elsewhere; and

Whereas notwithstanding the alleged need to strengthen our former foes, Germany and Japan, as units in our farflung first line of national defense, we cannot but believe an enlightened self interest should persuade the Congress that the broader the base of our prosperity, and the more widespread and diversified our employment and manufacturing plants, the more able we shall be to sustain our overseas lines of defense: Therefore be it

Resolved by the Common Council of the City of Richmond, Ky., That we urge our Senators from Kentucky and our Representative from this district to wage a fight in the Congress to retain the present 20 percent protective tariff on miniature light bulbs imported from Japan and Germany, and that they resist in every proper way every effort to reduce such tariff to 15 percent, it being a matter of record that many items manufactured in Japan are inferior in quality and are sold here below their low cost of production in order to acquire United States dollars; and that the loss of the local Westinghouse plant would deal a crippling blow to our community, but that such loss is in prospect unless protection can be given by our Government against the flood of inferior goods being imported from abroad.

Resolved further, That triplicate original copies of this resolution be mailed to Senator CLEMENTS, Senator BARKLEY, and Representative WATTS, for their consideration and action, and that a copy hereof be transmitted to the local Westinghouse plant.

Adopted by the Common Council of the City of Richmond, Ky., in regular semimonthly meeting assembled, on the 14th day of February 1955.

JOHN P. REICHSPFARR,
Mayor.

Attest:

W. V. JACKSON,
City Clerk.

RESOLUTIONS OF MINNESOTA LIVESTOCK BREEDERS' ASSOCIATION

Mr. THYE. Mr. President, I ask unanimous consent to have printed in the RECORD resolutions adopted at the annual meeting of the Minnesota Livestock Breeders' Association, relating to incentive payments to wool growers, and so forth. I wish to state that I concur in the resolutions.

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

RESOLUTIONS ADOPTED AT ANNUAL MEETING BY MINNESOTA LIVESTOCK BREEDERS' ASSOCIATION, FEBRUARY 10, 1955

Be it resolved, That the Government be requested to permit assignment of incentive payments so that wool growers of the Middle West will have use of a part of this money when their wool is shorn rather than waiting until the late summer or fall of 1956.

Be it resolved, That we, the Minnesota Livestock Breeders' Association, favor an investigation by our Congress of the big spread in prices between the dairy producer and the consumer.

Whereas we, the dairy producers, get only 6¾ cents per quart for milk, and consumers may pay up to 24 cents per quart, we feel that the processor is taking out too large a share of profit. Great strides in improving the efficiency of producing milk on the farm have been made in the past few years. However, we feel distributors and processors have not taken full advantage of improved distribution and marketing procedures, and as it now stands the producers and consumer are suffering as a result of inefficiency between the farm and consumer.

Whereas we are of the opinion that if this processing phase of the dairy industry is carefully and completely investigated it will definitely assist the dairy farmer.

(A copy of this resolution be sent to our United States Senators from Minnesota, to Secretary of Agriculture Benson, and news releases be made for the press.)

MINNESOTA LIVESTOCK BREEDERS' ASSOCIATION,
VERLON WELCH,
Secretary-Treasurer.

SUGAR ACREAGE QUOTA—RESOLUTION OF ST. PAUL (MINN.) CHAMBER OF COMMERCE

Mr. THYE. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution relating to the sugar acreage quota, adopted by the St. Paul Chamber of Commerce. I fully concur in the resolution.

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

SUGAR ACT AMENDMENT AND REENACTMENT

Whereas the Sugar Act of 1948, as amended, now in force, expires December 31, 1956, and its protective provisions apply, therefore, to sugar refined from beets grown in 1955 and sold in 1956, but to no subsequent crop; and

Whereas sugar refined from beets planted in the fall of 1955 and in 1956 for marketing in 1957, consequently, would have no protection from the unbridled competition of world-glutted sugar markets; and

Whereas reenactment of the present law with revision of its protective quota provisions, as well as those designed to produce a parity price for sugar produced in the United States, is therefore, imperative in the 84th Congress; and

Whereas during a period of either worldwide armed conflict or political upheaval in sugar-exporting nations, this country would face a perilous situation in meeting its sugar requirements, with barely 27 percent supplied from within the continental boundaries of this country; and

Whereas the St. Paul Chamber of Commerce has heretofore recognized the essentiality of the sugar beet crop in rotation programs in the Red River Valley and believes the American farmers have the right to supply the sugar requirements of this country to the extent of their ability; and

Whereas present severe quota limitations in the present act restrict beet acreage on established Minnesota farms and make it impossible to secure additional acreage needed for existing plants to process: Now, therefore, be it

Resolved, That the St. Paul Chamber of Commerce hereby urges the 84th Congress to enact legislation which will—

A. Reenact the major provisions of the 1948 Sugar Act as amended on a permanent basis.

B. Provide yearly sales quotas for sugar derived from beets or cane grown in continental United States on an escalator basis, increasing yearly as consumptive requirements increase.

C. Provide for the relief of the immediate problems of disposing of above-quota sugar produced in 1953 and 1954 in continental beet and cane areas by granting them sugar sales quotas in 1957 based on the percentage of the American market which they enjoyed at the time of passage of the 1948 act; be it further

Resolved, That chambers of commerce in States concerned with sugar beet production be urged to give their full support to the proposed reenactment and amendatory legislation.

Submitted by the agricultural committee January 19, 1955.

Approved by the executive committee February 1, 1955.

FRED E. SPERLING,
General Secretary.

CONDITIONS IN TEXTILE INDUSTRY—LETTER AND RESOLUTION

Mr. THYE. Mr. President, I have received from Minnesota locals of the Textile Workers Union of America a number

of communications which refer to a resolution adopted at the 16th convention of the CIO, which was held at Los Angeles, Calif., last December. The resolution relates to the textile industry, and sets forth certain recommendations with respect to alleviating depressed conditions in that industry.

I present and ask unanimous consent to have printed in the RECORD one of the communications which is signed by the president and by the secretary of the Twin City joint board, Textile Workers Union of America, and the resolution adopted last December by the CIO.

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

TWIN CITY JOINT BOARD,
TEXTILE WORKERS UNION OF AMERICA,
Minneapolis, Minn, February 16, 1955.

Hon. EDWARD THYE,
Senator from Minnesota,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: Enclosed herewith, is a copy of a resolution which was passed at the national CIO convention at Los Angeles, Calif., December 6 to 10, 1954.

This resolution puts forth the depressing plight which grips the textile industry in the United States and is causing great hardship to all people who are depending on this industry for a living.

The members of Twin City joint board, TWUA, most earnestly ask you to do all in your power to have the proper agencies of our Government carry out the suggestions to investigate this situation, and as a result we feel a remedy will be worked out which will bring relief to the textile industry and cause reemployment of thousands of workers who are now unnecessarily unemployed.

Yours truly,

ARTHUR GUSTAFSON,
President, Twin City Joint Board.
ANNA VANUSEK,
Secretary, Twin City Joint Board.

TEXTILE INDUSTRY PROBLEMS

RESOLUTION ADOPTED AT 16TH CONVENTION OF THE CONGRESS OF INDUSTRIAL ORGANIZATIONS, LOS ANGELES, CALIF., DECEMBER 6–10, 1954

The textile industry preceded the rest of the American economy in the descent to mass unemployment and suffering. Today some 300,000 textile workers are idle, more than 50,000 as a result of permanent mill closings during the last 2 years. Several hundred thousand are working part time. Employment is less than in 1932. Thousands have exhausted unemployment-compensation benefits and have been forced onto local relief rolls. The depression in the industry has caused widespread hardship in textile communities throughout the country.

The plight of the industry is due to the failure of managements to fulfill their responsibilities to their customers and workers. Fabric and apparel design has not kept pace with the changing living habits of American consumers. Instead of fashioning materials to whet the appetites of the new suburbanites, the bills have continued to produce fabrics designed for more formal urban living. There is a dearth of fabric and apparel designs suitable for this era of the long, casual weekend, backyard sports, TV-viewing and the home workshop. Expenditures on advertising and sales promotion have been woefully inadequate. Research is needed on the potentialities of textiles for new industrial applications as well as for expansion of old uses.

Consumer per capita expenditures on apparel have not increased in proportion to the rise in total consumer spending because the textile industry has not moved to maintain its position in the consumer market. Employers have resigned themselves to shrinking the industry's capacity without consideration for their public responsibilities. Some have carried their irresponsibility to the point of capitalizing on tax loopholes and local government subsidies to reap financial gain by closing their plants. The welfare of the workers and the community has been ignored in the ruthless drive of a few men to profit from the low-tax rate applicable to gains from the sale of capital asets. Others have exploited the industry-hungry towns which used their tax-exempt authority to float municipal bonds to pay for new plants and equipment.

Many companies were forced out of business because of their failure to reinvest the excessive profit earned during previous boom periods. Others were unable to compete in a buyers' market because they lacked enterprising management. Their inability to keep pace with new methods, style changes and merchandising developments made their demise inevitable.

In contrast, there are many companies whose efficiency and superior merchandising have continued to yield profitable financial returns. Corporations with strong financial backing have grown through the acquisition of additional plants. These mergers and acquisitions have resulted in an unprecedented concentration of control in the industry. Some 50 textile giants control half of the industry's basic capacity.

Rapid improvements in textile technology have added to the workers' problems by reducing the amount of labor required per unit of production. Management has taken advantage of these developments to extend work assignments inordinately and has refused to share the gains from increasing productivity. Man-hour productivity has risen at the annual rate of 4.5 percent since 1946 with a total cumulative rise of 36 percent. Combined with a declining total production to an annual rate of 12.7 billion yards from a rate of 14.76 billion yards at the end of 1950, these developments have permanently eliminated thousands of textile jobs.

Imports of textiles, including woolens and worsteds, cordage and twine, fine cottons, silk scarves, and others, have increased markedly and have accentuated the problems of the industry. In the woolen and worsted branch the impact of imports has been most severe because of the shrinking American market and the concentration of foreign exporters of lightweight fabrics for this country.

The Federal Government has abdicated its responsibilities in the textile field. The defense manpower policy which authorized allocation of some Government orders to areas of high unemployment has been scuttled. The protection promised by the Walsh-Healey Public Contracts Act to employers with decent wage scales in bidding for Government contracts has been wiped but by the Fulbright amendment which authorizes court action to prevent minimum-wage regulations from being put into effect. Increases in the minimum wage for work on public contracts, from 87 cents to $1 in cotton-rayon and from $1.05 to $1.20 in woolen and worsted, have been blocked by such litigation. The Government has refused to implement a provision of the tariff agreement which authorizes higher rates to protect the woolen and worsted industry from growing imports. On the other hand the Government maintains a duty on raw wool which adds to the cost of wool products without protecting the wool farmer.

It also supports an artificially high price for cotton which results in the accumulation of a huge cotton surplus and prevents the consumer from enjoying the benefits of lower cotton costs: Now, therefore, be it

Resolved:

1. We call upon the Federal Government to take affirmative action to stem the tide of depression in the textile industry:

(a) An agency should be set up by Congress to represent the textile industry, labor, and the public for the purpose of enforcing a basic 35-hour workweek in the industry at 40 hours' pay. The agency should be empowered in periods of distress to limit machine operations to two shifts per day.

(b) A program of stockpiling needed military fabrics should be created now so that production orders can be released immediately.

(c) American textiles should be used in the same fashion as surplus food and coal for the relief of needy nations overseas. In similar fashion, textiles should be distributed to needy Americans as surplus food is now distributed.

(d) Contracts should be negotiated with mills in distressed manpower areas to reemploy the unemployed.

(e) A systematic investigation should be undertaken of ways to broaden the use of wool fibers as well as cotton. The Department of Agriculture should provide leadership in establishing a wool-fabric library to stimulate new design and aggressive merchandising.

(f) Industrial expansion programs must be revised to locate new plants in areas where surplus manpower is available.

2. We support the proposal of the House Ways and Means Committee to disallow, for tax purposes, the deduction of rent from taxable income by industrial companies which lease plants built from the proceeds of municipal bond issues. This action would be a suitable first step in eliminating State and local tax exemptions and other subsidies to private enterprise.

3. All profits and capital gains resulting from the liquidation of mills should be taxed at a special rate of 25 percent and the proceeds used to finance local development programs, to aid workers to adjust themselves and to set up public works and the development of local resources and facilities.

4. We call upon the Senate Committee on Labor and Education to look into the use of capital-gains taxes, local subsidies, and corporate mergers as stimuli to the liquidation of business enterprises.

5. The Federal Government should provide a research organization for studying methods of broadening the markets for textile fabrics.

PROPOSED TRANSFER OF CONCESSIONS IN YELLOWSTONE NATIONAL PARK

Mr. MANSFIELD. Mr. President, I have received a resolution from the House of Representatives of the 34th Legislative Assembly of the State of Montana, protesting the proposed sale of concession facilities in the Yellowstone National Park to the State of Wyoming.

In view of the seriousness and unsoundness of the proposed transfer, I have forwarded the resolution of the Montana House of Representatives to the Honorable Douglas McKay, Secretary of the Interior, requesting that the interests of Montana be given every consideration before a decision is reached.

To my knowledge this is the first attempt at delegating Federal responsibility in our national parks to the individual States. It has been a long-standing policy for concessions and facilities on Federal property in our national parks to be operated for the pleasure,

convenience, comfort, and accommodation of the multitude of tourists and visitors from all parts of the Nation and the world. If States should be allowed to purchase concessions in our national parks, and control the same through agencies and commissions, it would bring in the element of politics and political gain. The end result would be a lack of uniform policy throughout our national park system. Our national parks are set aside for the benefit and pleasure of all, not for the benefit of one political subdivision.

The United States has a system of national parks of which it can justly be proud. The execution of the proposed transfer of these concessions in the Yellowstone National Park to the State of Wyoming would be detrimental to the interests of the public, the Nation, and the State of Montana.

BILLS INTRODUCED

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

By Mr. POTTER:

S. 1202. A bill for the relief of Prem Lall (Peter) Sarup; to the Committee on the Judiciary.

By Mr. POTTER (for himself, Mr. McNAMARA, Mr. BRICKER, and Mr. BENDER):

S. 1203. A bill to authorize construction of certain flood-control improvements on Lake Erie; to the Committee on Public Works.

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

By Mr. SMITH of New Jersey (for himself, Mr. IVES, Mr. PURTELL, Mr. BENDER, and Mr. CASE of New Jersey):

S. 1204. A bill to establish standards for hours of work and overtime pay of laborers and mechanics employed on work done under contract for, or with the financial aid of, the United States, for any Territory, or for the District of Columbia, and for other purposes; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. SMITH of New Jersey when he introduced the above bill, which appear under a separate heading.)

By Mr. LEHMAN:

S. 1205. A bill for the relief of Vladimir Batenko; to the Committee on the Judiciary.

By Mr. LEHMAN (for himself, Mr. GREEN, Mr. HUMPHREY, Mr. KEFAUVER, Mr. KENNEDY, Mr. LANGER, Mr. MAGNUSON, Mr. McNAMARA, Mr. MORSE, Mr. MURRAY, Mr. NEUBERGER, Mr. PASTORE, and Mr. CHAVEZ):

S. 1206. A bill to amend and revise the laws relating to immigration, naturalization, nationality, and citizenship, and for other purposes; to the Committee on the Judiciary.

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

By Mr. CHAVEZ:

S. 1207. A bill to provide that leave accrued by members of the Armed Forces while held as prisoners of war in Korea shall not be counted in determining the maximum amount of leave which they may accumulate or have to their credit; to the Committee on Armed Services.

By Mr. BUTLER:

S. 1208. A bill to amend section 315 of the Communications Act of 1934 so as to prohibit liability from being imposed upon a licensee because of defamatory statements made in a broadcast by a political candidate unless such licensee participates in such broadcast with intent to defame; to the Committee on Interstate and Foreign Commerce.

By Mr. DIRKSEN:

S. 1209. A bill to amend the Internal Revenue Code of 1954 to provide for a maximum manufacturers' excise tax on the leases of certain truck trailers; to the Committee on Finance.

By Mr. CLEMENTS:

S. 1210. A bill to amend the Public Buildings Act of 1949 so as to eliminate the 1-year limitation on the period of leases of space for Federal agencies in the District of Columbia; to the Committee on Public Works.

By Mr. HILL:

S. 1211. A bill to provide certain benefits for persons who served as contract surgeons or contract dental surgeons during the war with Spain, the Philippine Insurrection, or the China Relief Expedition; to the Committee on Finance.

By Mr. HILL (for himself and Mr. SPARKMAN):

S. 1212. A bill for the relief of Dr. Lincoln Roy Manson-Hing; to the Committee on the Judiciary.

By Mr. YOUNG:

S. 1213. A bill to provide the same basis for awarding pensions to widows and children of veterans of World War II as is now provided for widows and children of veterans of World War I, to provide pensions for widows and children of veterans of World Wars I and II who died in service not in line of duty, to increase the income limitation for widows and children of veterans of World Wars I and II, and to redefine the terms "widow of World War I" and "widow of World War II"; to the Committee on Finance.

By Mr. DWORSHAK:

S. 1214. A bill for the relief of Mary Ellen Krueger and Alvin Konrad Krueger; to the Committee on the Judiciary.

By Mr. MORSE (for himself and Mr. NEUBERGER):

S. 1215. A bill relating to the claims of the Mid-Columbia River Indians against the United States arising out of the construction of the Dalles Dam; to the Committee on Interior and Insular Affairs.

By Mr. PASTORE (for himself and Mr. CAPEHART):

S. 1216. A bill to provide for the incorporation of the National Woman's Relief Corps, auxiliary to the Grand Army of the Republic, organized 1883, 72 years old; to the Committee on the Judiciary.

By Mr. THURMOND:

S. 1217. A bill to authorize the Secretary of the Army to contract with the city of McCormick, S. C., for the sale of water from Clark Hill Reservoir; to the Committee on Public Works.

CONSTRUCTION OF CERTAIN FLOOD CONTROL IMPROVEMENTS ON LAKE ERIE

Mr. POTTER. Mr. President, on behalf of myself, my colleague, the junior Senator from Michigan [Mr. McNAMARA], and the Senators from Ohio [Mr. BRICKER and Mr. BENDER], I introduce, for appropriate reference, a bill to authorize construction of certain flood-control improvements on Lake Erie.

Mr. President, this work has been recommended by the Corps of Engineers and is needed imperatively. It is considered meritorious and deserving of construction.

The communities concerned have been devastated over the years by floods caused by the high lake level and strong northeasterly winds.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 1203) to authorize construction of certain flood-control improvements on Lake Erie, introduced by Mr. POTTER (for himself, Mr. McNAMARA, Mr. BRICKER, and Mr. BENDER), was received, read twice by its title, and referred to the Committee on Public Works.

PROPOSED WORK-HOURS ACT OF 1955

Mr. SMITH of New Jersey. Mr. President, as the ranking minority member of the Committee on Labor and Public Welfare, I introduce, for appropriate reference, a bill designed to revise and codify the group of statutes known collectively as the 8-hour laws. The bill is sponsored also by the Senator from New York [Mr. IVES], the Senator from Connecticut [Mr. PURTELL], the Senator from Ohio [Mr. BENDER], and my colleague, the junior Senator from New Jersey [Mr. CASE]. I ask unanimous consent that other Senators desiring to sponsor this bill be permitted to add their names during the course of the day.

This bill follows up the reference by President Eisenhower in his state of the Union address to legislation in this field and is a part of the current legislative program of the Department of Labor.

The present 8-hour laws, which govern hours of work and overtime pay of laborers employed on public work by the Federal Government and its contractors and subcontractors, are a hodgepodge of conflicts, confusion, and inequities. This bill, if enacted, would do three salutary things.

First, the bill would eliminate the confusion and inequities of the present laws and would make clear the liability of contractors to pay laborers time and one-half for all overtime work.

Second, although Congress has established a straight-time workweek of 40 hours for Federal employees, for work connected with interstate commerce, and for work on Federal supply contracts, some Federal contractors not covered by the above statutes are working laborers a 7-day, 56-hour week without paying overtime. This bill would assure time and one-half pay for overtime worked in excess of a 40-hour week.

Third, at present the contract work covered by the 8-hour laws is work contracted out directly by the Government. This may have been adequate in 1892 when the first of the existing laws was enacted, but presently many non-Federal agencies do the actual contracting for work that is financed in whole or in part from Federal funds or guaranties. Therefore, this bill would extend coverage, with exceptions, to any contract for "work financed in whole or in part by loans or grants from, or loans insured or guaranteed by, the United States or any agency or instrumentality thereof." Such laws as the antikickback statutes already have similar application.

Mr. President, I am hopeful that we may have early hearings and action on

this bill. Codification and modernization of the 8-hour laws are long overdue. I can see no partisan implications or any other stumbling blocks which would preclude expeditious consideration of this bill.

I ask unanimous consent that the text of the bill and a short explanatory statement be printed at the conclusion of my remarks.

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

The bill (S. 1204) to establish standards for hours of work and overtime pay of laborers and mechanics employed on work done under contract for, or with the financial aid of, the United States, for any Territory, or for the District of Columbia, and for other purposes, introduced by Mr. SMITH of New Jersey (for himself, Mr. IVES, Mr. PURTELL, Mr. BENDER, and Mr. CASE of New Jersey), was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the "Work Hours Act of 1955."

TITLE I

SEC. 101. This title may be cited as the "Contract Work Hours Standards Act."

SEC. 102. (a) Notwithstanding any other provision of law, the wages of every laborer and mechanic employed by any contractor or subcontractor in his performance of work on any contract of the character specified in section 103 shall be computed on the basis of a standard workday of 8 hours and a standard workweek of 40 hours, and work in excess of such standard workday or workweek shall be permitted subject to the provisions of this section. For each workweek in which any such laborer or mechanic is so employed, such wages shall include compensation, at a rate not less than 1½ times the basic rate of pay, for all hours worked in excess of 8 hours in any calendar day or in excess of 40 hours in the workweek, as the case may be.

(b) The following provisions shall be a condition of every contract of the character specified in section 103 and of any obligation of the United States, any Territory, or the District of Columbia in connection therewith:

(1) No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic, in any workweek in which he is employed on such work, to work in excess of 8 hours in any calendar day or in excess of 40 hours in such workweek except in accordance with the provisions of this act.

(2) In the event of violation of the provisions of paragraph (1), the contractor and any subcontractor responsible therefor shall be liable to each affected employee for his unpaid wages and shall, in addition, be liable to the United States (or, in the case of work done under contract for the District of Columbia or a Territory, to such District or to such Territory) for liquidated damages as provided herein. Such liquidated damages shall be computed, with respect to each individual employed as a laborer or mechanic in violation of this act, in the sum of $5 for each calendar day on which such individual was required or permitted to work in excess of 8 hours or in excess of the standard workweek of 40 hours without payment of the overtime wages required by this act. The governmental agency for which the contract work is done or by which financial assistance for the work is provided may withhold or cause to be withheld, subject to the provisions of section 104, from any moneys payable on account of work performed by a contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as herein provided.

SEC. 103. (a) The provisions of this act shall apply, except as otherwise provided, to any contract which may require or involve the employment of laborers or mechanics upon a public work of the United States, or any Territory, or of the District of Columbia, and to any other contract which may require or involve the employment of laborers or mechanics if such contract is one (1) to which the United States or any agency or instrumentality thereof, any Territory, or the District of Columbia is a party, or (2) which is made for or on behalf of the United States, any agency or instrumentality thereof, any Territory, or the District of Columbia, or (3) which is a contract for work financed in whole or in part by loans or grants from, or loans insured or guaranteed by, the United States or any agency or instrumentality thereof. Except as otherwise expressly provided, the provisions of this act shall apply to all laborers and mechanics, including watchmen and guards, employed by any contractor or subcontractor in the performance of any part of the work contemplated by any such contract, and for purposes of this act laborers and mechanics shall include workmen, other than seamen, performing services in connection with dredging or rock excavation in any river or harbor of the United States or of any Territory or of the District of Columbia.

(b) This act shall not apply to contracts for transportation by land, air, or water, or for the transmission of intelligence, or for the purchase of supplies or materials or articles ordinarily available in the open market. This act shall not apply with respect to any work required to be done in accordance with the provisions of the Walsh-Healey Public Contracts Act (49 Stat. 2036, 40 U. S. C. sec. 35–45).

(c) The provisions of this act shall not apply with respect to any laborer or mechanic in any workweek in which his services in performance of work under a contract or contracts subject to this act are performed entirely in a work place within a foreign country or within United States territory other than the following: A State of the United States; the District of Columbia; Alaska; Hawaii; Puerto Rico; the Virgin Islands; and outer Continental Shelf lands described in Public Law 212, 83d Congress, 67 Stat. 462.

SEC. 104. (a) Any officer or person designated as inspector of the work to be performed under any contract of the character specified in section 103, or to aid in the enforcement or fulfillment thereof shall, upon observation or investigation, forthwith report to the proper officer of the United States, of any Territory or possession, or of the District of Columbia, all violations of the provisions of this act occurring in the performance of such work, together with the name of each laborer or mechanic who was required or permitted to work in violation of such provisions and the day or days of such violation. The amount of unpaid wages and liquidated damages owing under the provisions of this act shall be administratively determined and the officer or person whose duty it is to approve the payment of moneys by the United States, the Territory, or the District of Columbia in connection with the performance of the contract work shall direct the amount of such liquidated damages to be withheld for the use and benefit of the United States, said Territory, or said District, and shall direct the amount of such unpaid wages to be withheld for the use and benefit of the laborers and mechanics who were not compensated as required under the provisions of this act. The Comptroller General of the United States is hereby authorized and directed to pay directly to such laborers and mechanics, from the sums withheld on account of underpayments of wages, the respective amounts administratively determined to be due, if the funds withheld are adequate, and if not, an equitable proportion of such amounts.

(b) Any contractor or subcontractor aggrieved by the withholding of a sum as liquidated damages as provided in this act shall have the right within 6 months thereafter to appeal to the head of the agency of the United States or of the Territory for which the contract work is done or by which financial assistance for the work is provided, or to the Commissioners of the District of Columbia in the case of liquidated damages withheld for the use and benefit of said District. Such agency head or Commissioners, as the case may be, shall have authority to review the administrative determination of liquidated damages and if it is found that the sum determined is incorrect or that the contractor or subcontractor violated the provisions of this act inadvertently notwithstanding the exercise of due care on his part and that of his agents, recommendation may be made to the Secretary of Labor that an appropriate adjustment in liquidated damages be made, or that the contractor or subcontractor be relieved of liability for such liquidated damages. The Secretary of Labor shall review all pertinent facts in the matter and may conduct such investigations as he deems necessary, so as to affirm or reject the recommendation. The decision of the Secretary of Labor shall be final. In all such cases in which a contractor or subcontractor may be aggrieved by a final order for the withholding of liquidated damages as hereinbefore provided, such contractor or subcontractor may, within 6 months after such final order, file a claim in the Court of Claims.

(c) Reorganization Plan No. 14 of 1950 (15 F. R. 3175, 64 Stat. 1267) shall be applicable with respect to the provisions of this title, and section 2 of the act of June 13, 1934, as amended (48 Stat. 948; 54 Stat. 1236; 63 Stat. 108; 40 U. S. C., sec. 276c), shall be applicable with respect to those contractors and subcontractors referred to therein who are engaged in the performance of contracts subject to the provisions of this act.

SEC. 105. The Secretary of Labor may provide such reasonable limitations and may make such rules and regulations allowing reasonable variations, tolerances, and exemptions to and from any or all provisions of this title as he may find necessary and proper in the public interest to prevent injustice or undue hardship or to avoid serious impairment of the conduct of Government business.

SEC. 106. Any contractor or subcontractor whose duty it shall be to employ, direct, or control any laborer or mechanic employed in the performance of any work contemplated by any contract to which this title applies, who shall intentionally violate any provision of this title, shall be deemed guilty of a misdemeanor, and for each and every such offense shall, upon conviction, be punished by a fine of not to exceed $1,000 or by imprisonment for not more than 6 months, or by both such fine and imprisonment, in the discretion of the court having jurisdiction thereof.

TITLE II

SEC. 201. The proviso of section 23 of the act of March 28, 1934 (48 Stat. 509, 522), as amended, is hereby amended to read as follows: *Provided*, That the regular hours of labor are hereby established at not more than 8 per day or 40 per week, but work in excess of such hours shall be permitted

when administratively determined to be in the public interest: *Provided further*, That overtime work in excess of 8 hours per day or in excess of 40 hours per week shall be compensated for at not less than time and one-half the basic rate of compensation, except that employees subject to this section who are regularly required to remain at or within the confines of their post of duty in excess of 8 hours per day in a standby or on-call status shall be paid overtime rates only for hours of duty, exclusive of eating and sleeping time, in excess of 40 per week."

SEC. 202. (a) Section 1499 of title 23, United States Code, is hereby amended to read as follows:

"1499. Liquidated damages withheld from contractors under Contract Work Hours Standards Act.

"The Court of Claims shall have jurisdiction to render judgment upon any claim for liquidated damages withheld from a contractor or subcontractor under section 104 of the Contract Work Hours Standards Act."

(b) The Court of Claims shall continue to have jurisdiction to render judgment upon any claim for a penalty withheld from a contractor or subcontractor under section 324 of title 40, United States Code, in connection with any contract subject to said section entered into prior to the effective date of this act.

SEC. 203. The following statutes are hereby repealed: Sections 1 and 2 of the act of August 1, 1892 (27 Stat. 340), as amended by the act of March 3, 1913 (37 Stat. 726); the act of June 19, 1912 (37 Stat. 137), as amended by the act of June 25, 1948 (62 Stat. 989); that portion of the Naval Service Appropriation Act, 1918 (act of March 4, 1917, 39 Stat. 1192) which is codified as section 326 of title 40 of the United States Code (1952 ed.); and section 303 of the Second Supplemental Defense Appropriations Act, 1941 (54 Stat. 884, 40 U. S. C., sec. 325a); *Provided*, That the foregoing statutes shall remain in full force and effect with respect to contracts subject thereto entered into prior to the effective date of this act.

SEC. 204. This act shall take effect 60 days after its enactment.

The explanatory statement, presented by Mr. SMITH of New Jersey is as follows:

STATEMENT IN EXPLANATION OF 8-HOUR LAWS

This bill meets the great need in the field of labor standards legislation for a single general hours act to revise and replace the group of complicated and overlapping statutes, dating back to 1892, which are known as the 8-hour laws. The President, in his state of the Union address on January 6, stated that the administration would propose legislation regarding these laws, which relate to hours of work and overtime pay on Federal public work. The proposals embodied in this bill are a part of the legislative program of the Department of Labor and the Bureau of the Budget has advised that their enactment would be in accord with the program of the President.

The bill would improve the present 8-hour laws in three major respects: (1) By replacing the uncoordinated and confusing series of laws enacted at different times with a single statute simplifying and clarifying the present provisions; (2) by modernizing its hours standards through inclusion of a provision for a standard workweek of 40 hours with not less than time and one-half pay for overtime work; and (3) by making the laws' standards applicable not only to direct Government contracts but also contracts for work financed in whole or in part with the aid of Federal funds or guaranties.

SIMPLIFYING AND CLARIFYING THE EXISTING LAW

The present 8-hour laws, which govern hours of work and overtime pay of laborers and mechanics employed on public work by the Federal Government and its contractors and subcontractors, were enacted at different times between 1892 and 1940. The 1892 statute replaced a statute dating back to the Civil War period. Certain provisions of these laws make it a crime for Government officials or Government contractors and their subcontractors to employ laborers or mechanics more than 8 hours a day. Others, which apply only to contractors and subcontractors, provide a separate and additional contract penalty of $5 for each day's violation with respect to each worker permitted to work more than 8 hours. Many workers are covered by both provisions but there are others who are subject to the criminal statute only and still others to the statute providing the $5 penalty. This bill would consolidate the existing laws into a single statute with simplified provisions which apply in the same way to all contractors and subcontractors performing work coming within its terms.

The bill would also eliminate the confusion and inequities which result from a number of conflicting and ambiguous exception provisions contained in the present laws. Some of the exceptions taking particular work out of the laws' coverage are cancelled out by exceptions to the exceptions which put it back in again. And although the language of these laws prohibiting more than 8 hours' work in a calendar day has not been changed, there is still another independent statute that has the effect of relieving most contractors and subcontractors from this prohibition if they pay time and one-half overtime compensation for all work over 8 hours a day. The courts and the Comptroller General are in disagreement as to whether the present language of this law also gives the employees who work overtime the right to collect the time and one-half compensation if the employer fails to pay it. This bill would set hours standards for work at straight-time pay and make clear the liability of the contractor to pay his laborers and mechanics time and one-half for all overtime work.

FORTY-HOUR WEEK PROVISION

In addition to a need for revising the language for the 8-hour laws to eliminate complicated and overlapping provisions, the present overtime provisions need amendment. Congress has established a straight-time workweek of 40 hours for Federal employment, for work connected with interstate commerce under the wage and hour law, and for work on Federal supply contracts under the Walsh-Healey Act. Many responsible contractors who perform Government contract work covered by the 8-hour laws have adopted this 40-hour standard. However, there are other contractors performing Federal work with laborers and mechanics working 56 hours a week without receiving overtime compensation. The bill would modernize the hours standards of the 8-hour laws by adding a provision to assure time and one-half pay for overtime worked in excess of a 40-hour week.

CHANGES IN COVERAGE

The third needed improvement in the 8-hour laws is an extension of their scope to include work financed in whole or in part by the Federal Government. The contract work covered by these laws is work contracted out directly by the Government. When these laws were developed, this coverage made the hours standards applicable to substantially all the work for which Federal funds were expended. This situation no longer exists. Many non-Federal agencies now do the actual contracting for work that is financed in whole or in part under Federal programs with the aid of Federal funds or guarantees. The coverage of a revised hours law should extend to this federally aided work, which Congress has already made subject to other Federal labor standards under laws such as the antikickback statutes and the many laws providing for payment of predetermined wages on federally financed construction. The bill provides that its hours standards will apply on all contracts for such work.

Since the labor standards provided in the bill would be applicable only to contractors and subcontractors, its enactment would terminate the application of the 1892 statute to employees of the Federal Government and the District of Columbia, as was proposed in S. 1926, 83d Congress, 1st session, a bill approved by the Bureau of the Budget. For this reason a necessary amendment to existing legislation relating to Federal employees is included in section 201 of the bill, which follows the language used in this earlier bill.

COORDINATION OF ENFORCEMENT BY FEDERAL AGENCIES

Inasmuch as the proposed legislation would take the place of labor standards laws with respect to which the Secretary of Labor is given coordinating authority under Reorganization Plan No. 14 of 1950, a provision continuing this authority is included in the bill, as is also a provision affirming the applicability in accordance with its terms of section 2 of the Copeland Act, as amended, giving the Secretary of Labor certain authority to issue regulations for contractors and subcontractors on work of the character covered by the bill.

PROPOSED IMMIGRATION AND CITIZENSHIP ACT OF 1955

Mr. LEHMAN. Mr. President, on behalf of myself, and the senior Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from North Dakota [Mr. LANGER], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Washington [Mr. MAGNUSON], the Senator from Michigan [Mr. MCNAMARA], the senior Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the junior Senator from Rhode Island [Mr. PASTORE], and the junior Senator from Oregon [Mr. NEUBERGER], I introduce for appropriate reference an omnibus immigration and naturalization bill to replace the Immigration and Nationality Act, or so-called McCarran-Walter Act. The bill has for its title "The Immigration and Citizenship Act of 1955," and a similar bill is being introduced simultaneously in the House of Representatives.

I ask unanimous consent that a press release, issued in connection with the introduction of the bill, together with a comprehensive explanation and summary, be printed at this point in the RECORD as a part of my remarks.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the press release, explanatory statement, and summary will be printed in the RECORD.

The bill (S. 1206) to amend and revise the laws relating to immigration, naturalization, nationality, and citizenship, and for other purposes, introduced by Mr. LEHMAN (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the Judiciary.

The press release, explanatory statement, and summary presented by Mr. LEHMAN are as follows:

PRESS RELEASE

Thirteen Members of the Senate and 8 Members of the House today simultaneously introduced a comprehensive immigration and citizenship bill completely revising and replacing the McCarran-Walter Act.

In an accompanying statement the sponsors, headed by Senator HERBERT H. LEHMAN in the Senate and Representative EMANUEL CELLER in the House, called on the administration and on the leadership of both Houses, to redeem the campaign pledges and reiterated commitments of both major parties by facilitating prompt consideration of proposals to overhaul and replace the existing "discriminatory, oppressive, and ruthless immigration and citizenship laws now on our statute books."

The sponsors called for early and intensive hearings on their new bill and on other proposals to revise and amend the McCarran-Walter Act, which was enacted in 1952.

"In the present state of world affairs," the joint statement issued from the office of Senator LEHMAN said, "we dare no longer tolerate on our statute books the present shameful law which is losing us friends abroad daily, holding us up to contempt in the eyes of free mankind, and working havoc among our own people.

"It is intolerable that we should continue to maintain our own Iron Curtain, against visitors and alien immigrants alike, while criticizing the Iron Curtain abroad. And the daily examples of senseless cruelty and injustice against aliens already resident here, or recently arrived here, makes our advocacy of justice abroad seem like hollow sham and pretense.

"All decent-minded Americans, if they knew the facts about present law, would join in demanding that Congress promptly remove the many booby traps for citizens, for resident and immigrant aliens, and for visitors, now secreted in the McCarran-Walter Act. The law is a mess which must be cleaned up without delay."

The new Lehman-Celler proposal which, with some technical improvements, is basically the same as the Lehman-Cellar bill introduced in the 83d Congress, would achieve the following:

1. Eliminate the national origins quota system with its built-in discriminations based on place of birth;
2. Eliminate statutory discriminations and distinctions between native-born and naturalized American citizens;
3. Eliminate present insubstantial grounds for revocation and denial of citizenship;
4. Eliminate fractious and arbitrary grounds for denial of admission to the United States;
5. Make a clear distinction in requirements for entry between (a) aliens seeking permanent residence here, and (b) alien visitors coming here for scholarly or scientific purposes, for pleasure, or for business;
6. Eliminate special immigration barriers against orientals and Negroes;
7. Establish an annual immigration ceiling of approximately 250,000 per year, but permit immigration up to that limit;
8. Require all ordinary immigration from the Western Hemisphere to be included within the annual quota limits;
9. Establish a unified quota system, based on national need, individual aptitude, and the requirements of our foreign policy;
10. Establish statutory review and appeals procedures in all cases of deportation and exclusion, and for denials of visas.

EXPLANATORY STATEMENT

We are today introducing an omnibus immigration and citizenship bill to overhaul, revise and replace the discriminatory, oppressive, and inhospitable immigration and citizenship laws now on our statute books.

Our bill is a recodification of the McCarran-Walter Act, preserving the technical advances it made over preexisting law, but modifying and humanizing the spirit and letter both of preexisting law and of the McCarran-Walter Act in conformity with the repeated pledges and commitments which have been made by both major parties and by the President of the United States in official communications and messages to the Congress.

Our bill conforms to the recommendations of scores of religious and nonsectarian organizations of all shades and complexions interested in immigration and citizenship, and dedicated to the free exchange of ideas and persons, within the limits of reasonable security safeguards and orderly immigration procedures.

Our bill carries out the recommendations of the nonpartisan Presidential Commission on Immigration and Citizenship, which made its report in January 1953.

We call on President Eisenhower, and on the leadership of both parties in both Houses, to help insure prompt, early and intensive hearings on our bill and on other pending proposals to amend the McCarran-Walter Act.

In the present state of world affairs we dare no longer tolerate on our statute books the present shameful law which is losing us friends abroad daily, holding us up to contempt in the eyes of free mankind, and working havoc among our own people.

It is intolerable that we should continue to maintain our own Iron Curtain—against visitors and alien immigrants alike—while criticizing the Iron Curtain abroad. And the daily examples of senseless cruelty and injustice against aliens already resident here, or recently arrived here, makes our advocacy of justice abroad seem like hollow sham and pretense.

Our bill provides full and comprehensive security against the admission of subversive and undesirable aliens into the United States. Indeed, our bill tightens existing loopholes which now permit millions—yes, millions—of unscreened aliens to flood across our northern and southern land borders, and prevents orderly apprehension and prevention of such illegal immigration, with its dangerous components of subversive, diseased, and criminal elements.

Our bill would remove the intolerable barriers which now keep renowned scientists, scholars, and men of letters from coming to our shores as visitors; and also businessmen and tourists. Our bill would remove this particular stigma of shame from our statute books.

Our bill would eliminate racism and national discrimination from our immigration laws.

Our bill would eradicate the status of second-class American citizenship which now is fastened on millions of naturalized Americans.

American citizenship, which was once inalienable, both for the native-born and for those who acquire citizenship by naturalization, has become, in the McCarran-Walter Act, a temporary license—subject to revocation on a score of grounds—many of them unsubstantial and even capricious.

Our bill would limit immigration, but would not stifle it. Our bill would permit immigration to be used, as it should be, as one of the tools and expressions of our foreign policy—meeting our national need at home, and the particular need of aliens abroad.

Our bill would help restore America to the role it has traditionally occupied—as the hope of the oppressed and the persecuted everywhere, an asylum for the brave, the venturesome and the freedom-seeking abroad—within the limits of our conservative capacity for assimilation.

Our bill recognizes that a limited amount of immigration, carried out in an orderly way, with due regard for selection, resettlement, and integration, is of benefit to America, not a danger to America.

All decent-minded Americans, if they knew the facts about present law, would join in demanding that Congress promptly remove the many booby traps for citizens, for resident and immigrant aliens, and for visitors, now secreted in the McCarran-Walter Act. The law is a mess which must be cleaned up without delay.

DETAILED SUMMARY

A. NEW ADMINISTRATIVE AGENCY; APPEALS AND REVIEW PROCEDURES

(Titles I and III, secs. 103 through 111, 304)

Our present immigration and naturalization laws are administered by the Immigration and Naturalization Service in the Department of Justice, and by the consular service in the Department of State. Obviously, the administration of the immigration laws is remote from the major concerns of the Attorney General and of the Secretary of State. In fact, the Secretary of State has but nominal control over the immigration functions of the consular service.

This two-headed system is, in itself, the end product of a long series of transfers, consolidations, and separations which have accomplished little except to confirm the relative immunity of the Immigration and Naturalization Service and of the consular service to cabinet-level direction. Both services have tended to become imbued, through the years, with an anti-alien spirit. The predominant attitude is one of suspicion of the alien rather than of service to the immigrant.

For this, and other reasons to be cited, the proposed act terminates the major responsibility of the Department of Justice and the Attorney General and of the Secretary of State for immigration and naturalization, and vests this responsibility in a single new and independent agency, called the Immigration and Naturalization Commission (sec. 103).

Another outstanding defect of present law is the absence of adequate statutory appeals and review procedure. Under the McCarran-Walter Act, the alien overseas seeking admission to the United States has no assurance of uniform justice * * * no right of appeal from the decision of a consular officer. The alien who has landed in the United States has only limited rights of appeal and review and these rights are far from being either adequate or uniform.

In addition to eliminating the duplication between the Department of State and the Justice Department, the proposed act provides an orderly system of fair procedure and adequate review, by an independent quasi-judicial tribunal, of all administrative actions and decisions (secs. 107–111).

The desirability of the consolidation of all immigration and allied functions in one agency was recognized by the Hoover Commission. That body recommended outright transfer of the visa-issuing function from the State Department to the Justice Department.

Upon close study, however, it becomes clear that neither the State Department nor the Justice Department is equipped to discharge the full responsibility for this complex and highly sensitive operation. The business of the State Department is foreign affairs. That of Justice is legal counseling and the conduct of criminal and civil litigation. The best solution is the establishment of a separate independent agency concerned solely with immigration and naturalization.

The new Commission set up in the proposed act is a bipartisan body of three members appointed by the President, subject to confirmation by the Senate (sec. 103). Tenure is at the pleasure of the President. Provision is made for an administrator and a

general counsel, both to be appointed by the Commission (sec. 104).

Under the McCarran Act a person seeking admission to the United States, whether as an immigrant or a visitor, applies to a State Department official, namely, a consul, for a visa. The consul's decision as to admissibility is final and unreviewable. At the port of entry, an official of the Immigration and Naturalization Service of the Department of Justice independently redetermines the alien's admissibility. This duplication is expensive to the Government and needlessly burdensome to the applicant. It precludes, moreover, uniform and reasonably predictable application of the law.

Under the proposed act, the functions of the Commission would include: the admission of aliens into the United States; the prevention of illegal entry; the deportation of aliens; the adjustment of status of aliens; the investigation of citizenship applicants prior to the presentation of the applications to the naturalization courts; and the institution of appropriate proceedings in various citizenship matters including denaturalization for fraud (sec. 105). Authority over the issuance of visas to diplomats and to U. N. officials would be retained in the State Department.

The proposed act empowers the Commission to establish its own field offices in foreign countries, after consultation with the Secretary of State, to take over the job of issuing visas to immigrants, visitors, and others desiring to go to the United States. But the Commission is authorized to delegate the visa-issuing authority to consular officers in areas where visa-issuing is not a full-time function. In such cases, the consular officer would work under the direction of the Immigration Commission, insofar as his immigration duties were concerned.

Under present law, administrative review in deportation and exclusion cases is not assured by statute; it exists at the pleasure of the Attorney General in the form of a Board of Immigration Appeals set up by executive order of the Attorney General. Nor is the Attorney General bound by the decisions of his Board. Under the proposed act, adjudicative functions within the Commission framework would be performed by hearing officers and finally by a Board of Immigration and Visa Appeals (sec. 108). The Board's independence is assured by a statutory grant of jurisdiction and by provision for fixed terms for Board members who would be appointed by the President, confirmed by the Senate, and who would be removable only for cause (sec. 107). This Board is empowered to hear appeals and to review the decisions of Commission officers, including decisions on the denial of visa applications.

The membership of the Board is set at nine. The Board may act through panels of three or more members. (The present Board has a backlog of over 12,000 cases.) The Board is empowered to sit, in panels, in any part of the country or abroad.

As is generally true of other independent agencies, the Commission, under the proposed act, would be governed by the Administrative Procedure Act (sec. 109). This assures a separation of prosecuting and adjudicative functions, and fair and open hearings. At the same time, the proposed act is sensitive to the needs of national security. Thus, in the case of the exclusion of an alien, evidence need not be revealed which the Attorney General certifies would seriously impair the security of the United States or a source of confidential information (sec. 304).

The provisions of the proposed act with respect to hearings are designed to afford fair treatment under clear and uniform procedures. The present law is subject to the objection that it contains complex provisions for different types of hearings in various situations affecting aliens. The proposed act provides uniform hearings on adequate notice. The proposed act requires that an alien be informed of his right to be represented by counsel. Hearings under the proposed act would be open and public, unless it is determined by the examiner or the Board that national security requires a closed hearing (sec. 108).

The proposed act would require that all decisions be based upon a record, be in writing, and state the reasons therefor.

Under the McCarran Act the alien may suffer lengthy confinement during any proceedings questioning his right to enter or remain in this country. The proposed act guarantees the privilege of reasonable bail. It would permit the denial of bail in cases involving the national health or security, or in the cases of aliens ordered deported but who have not left the country.

The Commission would have the power to impose reasonable conditions upon an alien released from custody, designed to assure his availability and to protect the public interest (sec. 111).

Board decisions, except in the case of visa denials, would be subject to limited review at the court of appeals level (sec. 110). This would be a significant change; the decisions of the present Board are, in legal effect, no more than recommendations to the Attorney General. The only recourse from a decision of the Attorney General is the writ of habeas corpus which is available only in a limited number of cases.

The proposed act gives the Commission authority to prescribe by rules and regulations many of the administrative details for the enforcement of the various provisions relating to immigration, exclusion, deportation, and naturalization. The Commission is given investigatory powers, and is required to report at least annually to the President and to Congress.

B. THE UNIFIED QUOTA SYSTEM—A SUBSTITUTE FOR THE NATIONAL ORIGINS SYSTEM

(Titles I and II, secs. 102 (a) (32), 102 (a) (19) (A), 201–204)

The proposed act abolishes the long-criticized and discredited national origins quota system of selecting immigrants.

This system has been described by religious leaders as an affront to the conscience of the American people. As pointed out in the report of the President's Commission on Immigration and Naturalization, "the test it applied was not the individual worth of the immigrant, but rather the presumed superiority of people from certain areas of the world. Place of birth, not individual capacity or cultural background, was the test."

The national origins quota system has failed. It contemplated that 81.6 percent of quota immigration would come from northern and western Europe, and that 16 percent would come from southern and eastern Europe. Actually only 55.8 percent has come from northern and western Europe and 42.4 percent from southern and eastern Europe. One reason for this is that the countries of northern and western Europe have not wanted and have not used the immigration quotas assigned to them. Since the time the national origins quota system went into effect, only 44 percent of the total quotas available have been used, and 56 percent have remained unused, despite the existence in some countries of long waiting lists of applicants, some of whom have been waiting for 10 or 15 years for a quota number.

The total number of quota visas available under existing law is approximately 154,200 annually, derived from a formula of one-sixth of 1 percent of our 1920 population (excluding Negroes and Indians).

The proposed act, in establishing the new unified quota system (title II), uses the same basic percentage formula as in present law, except that the percentage of one-sixth of 1 percent is applied to the last decennial census (1950) and includes all our inhabitants. Calculation on this basis results in a total immigration quota of approximately 251,100 annually. This means an annual increase of approximately 97,000 in the total quota.

The number 251,000 based on one-sixth of 1 percent of our 1950 population, was not haphazardly arrived at. It represents the consensus of the most outstanding experts in regard to the number of immigrants who can be easily absorbed into our population and into the labor force. The American Federation of Labor and the CIO have supported this estimate. And it is, of course, based on the same percentage now written into the McCarran act, except that the one-sixth percent is applied to our present population instead of to our population in 1920. The use of the 1920 population figure has no basis in logic or reason.

The McCarran act took a few halting steps toward the abolition of racial barriers in our immigration laws, but at the same time erected new barriers. The McCarran act created the so-called Asiatic-Pacific triangle, openly discriminating against so-called orientals. The McCarran act established small maximum quotas for colonial areas, such as Jamaica, thus discriminating against Negroes.

The proposed act makes no radical departures from the traditional pattern of immigration flow to the United States, but sets up a completely nondiscriminatory framework, flexible enough to meet the changing needs of American policy requirements.

The unified quota system is, in fact, chiefly characterized by its flexibility. It is built around the seven following principles:

(a) The establishment of a series of preference groups whose detailed allocation to areas, nations, and classes of individuals, although made by the Commission, and subject to the approval of the President, is guided by a definition, written into the law, of four objectives sought to be served by immigration:

1. To provide for the reuniting of families, and the admission into the United States of close relatives of United States citizens and of alien residents of the United States.

2. To provide for the admission of persons of outstanding technical and professional skills whose services are urgently needed in the United States.

3. To provide for the admission of aliens whose coming will serve American foreign policy requirements of the United States by helping to solve economic and other problems of friendly nations.

4. To provide for granting haven and asylum in the United States for victims of racial, religious, and political persecution.

(b) The reservation of a portion of the total quota for new and self-initiated immigration, for persons without special ties to the United States, on a first-come-first-served basis for those otherwise qualified.

(c) The assurance of a minimum quota to all nations and areas.

(d) The assurance that no one nation will get a preponderant share of the total quota.

(e) The abolition of barriers to immigration based on race or national origin.

(f) The use of the concept of citizenship and residence as a fundamental qualification, rather than national origin in cases where it is found necessary to allocate visas by nations.

(g) The selection of individuals on the basis of personal qualification and need rather than national origin.

Based on these 7 principles the unified quota system provides for the division of the total quota into 5 components. Four of these are preference groups; one is a nonpreference group, the so-called newcomer group.

The four preference groups, and the percentage range of the portion of the total of the quota allocated to each are:

1. Family unification: Not less than 25 percent nor more than 35 percent.
2. Occupational: Not less than 5 percent nor more than 10 percent.
3. Asylum: Not less than 15 percent nor more than 25 percent.
4. National interest: Not less than 20 percent nor more than 25 percent.

The newcomer group is allocated a minimum percentage of 20 percent of the total, plus such additional amounts as are not allocated to the four preference groups.

This is the total limit provided for quota immigration—the ceiling—adjustable every 10 years on the basis of the decennial census.

All quota allocations are required to come within this total limit. But the present deceptive system whereby a large proportion of the total available quota remains unused is abolished. As long as there are would-be immigrants who qualify and desire to come, the quota remains available. Unused quota visas are made available for use in the succeeding year.

For years some of the apologists for the national origins quota system have defended it—even while conceding its national and racial bias—with the argument that no better plan or system had been worked out and was available.

The unified quota system, as formulated in the proposed act, is such a plan. It sweeps away racial and national discrimination, substituting a scheme which assures a regulated and controlled flow of immigration from those areas of the world which logically look to the United States as a haven, and which are capable of contributing useful citizenship material to this country. The proposed act grants the Commission the necessary leeway to adjust immigration to actual needs; but statutory guides are laid down designed to insure a fair and equitable distribution of immigration, and a varied flow.

A major feature of the proposed act is its consolidation, within the quota, of all general immigration, including immigration from the Western Hemisphere. This has been done in order to put all foreign countries on the same basis consistent with the best interests and needs of the United States. Thus the proposed act does not give nonquota status, as present law does, to aliens born in the Western Hemisphere, with the right to immigrate to the United States without limitation as to number.

Under the proposed law, all immigrants, except those in special classes defined as nonquota, will be required to qualify for 1 of the 5 groups, already described, into which the total annual quota is divided.

The first and largest of the five groups, the family unification preference group, includes the blood relatives of citizens of the United States, and the spouses and blood relatives of resident aliens—in both cases through the third degree of consanguinity as computed under civil law (sec. 202 (a)).

The occupational preference group (sec. 202 (b)) includes persons whose admission is especially advantageous to the United States because of their education, technical training and skill and ability to contribute to the national security, health, and welfare.

The asylum preference group (sec. 202 (c)) includes persons oppressed or persecuted because of their race, color, creed, national origin, or opposition to totalitarianism. This preference group will provide a special priority for 2,500 war, occupation or refugee orphans (as defined in sec. 102 (a) (32); also see the special section of this summary, p. 14, dealing with children and orphans).

The national interest preference group (sec. 202 (d)) is designed specifically to advance the foreign-policy interests of the United States by strengthening those areas of the free world whose acute political and economic problems may be alleviated by some emigration. This preference group will also include a priority for orphans.

Finally, the newcomer group (sec. 202 (e)) will consist of aliens who do not qualify for admission under any of the preference groups, but who desire to immigrate to the United States, and who possess all the other qualifications which are required of quota immigrants. The basis of the admission of qualified aliens in the newcomer group is first-come-first-served (sec. 204).

Annual allocations of the total quota among the five groups are to be made by the Commission, subject to the approval of the President. Any unused quota visas are to be reallocated from year to year among other groups (sec. 203).

Although priority in the issuance of visas within the newcomer group is to be determined in the order of application, it is provided that one-half of 1 percent of the number of visas assigned annually to the newcomer group shall be assigned to each nation having a population of 200,000 or more. This provision assures each nation with a population of 200,000 or more of an annual newcomer quota of no less than 250 visas (sec. 204 (c)).

It is further provided that no more than 10 percent of the newcomer group shall be assigned to any one nation. Inasmuch as the minimum in the newcomer group (20 percent of the total) would be about 50,000 annually, the maximum for any nation under such an arrangement would be 5,000. This figure could increase somewhat in proportion to the additions to the newcomer group authorized by the Commission and approved by the President.

A nation, as used in this connection, is defined to mean a colony, a possession or a dependency, all of which are given similar status. But the Commission is given the power to group individual nations into a single quota area (sec. 204 (c)). (See chart.)

Another major feature of the proposed act, to be considered in connection with the unified quota system, is the provision dealing with nonquota immigration. The McCarran Act adopted the main features of pre-McCarran law, except for a new grant of nonquota status to husbands as well as wives of United States citizens, while at the same time withdrawing nonquota status from college and university professors. Under the terms of the proposed act, professors coming to the United States to teach at acknowledged colleges, universities, etc., are restored to their traditional nonquota status.

The unified quota system based on one-sixth of 1 percent of the 1950 United States Census (150 million) provides for the annual issuance of 250,000 immigration visas to be allocated as follows:

Family unification preference, 25 to 35 percent—62,000 to 87,000 visas	Occupation preference, 5 to 10 percent—12,000 to 25,000 visas	Asylum preference, 15 to 25 percent—37,000 to 62,000 visas	National interest preference, 20 to 25 percent—50,000 to 62,000 visas	Newcomer group, 20 percent—50,000 visas
1. Children [1] 2. Parents [1] 3. Grandparents 4. Brothers and sisters 5. Uncles and aunts 6. Other close relatives —of citizens and resident aliens.	Persons especially selected because of their— 1. Special skills. 2. Technical knowledge. 3. Education. 4. Potential contribution to national security. The Commission to consult with Secretaries of State, Defense, Commerce, and Labor in making allocations.	1. Persons threatened with persecution or oppression. 2. Refugees from persecution or oppression. 3. May include up to 2,500 visas for orphans.	1. Visas to be allocated to areas of the world to alleviate acute political and economic problems. 2. May include "surplus population" and persons displaced by war or its aftermath. 3. Allocated after consultation with Secretaries of State and other Government agencies. 4. May include up to 2,500 visas for orphans.	1. To be allocated on first-come, first-served basis throughout the world. 2. Designed to take care of general immigration. 3. Every nation of the world over 200,000 population assured one half of 1 percent of visas in this group. 4. No nation can be issued more than 10 percent of visas in this group. 5. Nations geographically or culturally related may be grouped as one "nation."

[1] Children of citizens, and parents of resident citizens would be nonquota immigrants.

Unused quota visas occurring at the end of each year may be allocated to the various groups for the following year under rules and regulations of the Commission.
All immigrants under the unified quota system would be required to meet the health, education, economic, security, and other standards of the basic immigration laws.

In addition—and this is a vital feature—a nonquota status is given to parents as well as to children and spouses of American citizens (sec. 102 (a) (19) (A)).

At the same time that nonquota status is given to parents of American citizens, the proposed act deprives aliens born in the Western Hemisphere of their nonquota status, as already described.

The effect of these changes is to confine the nonquota status to very special classes of immigrants—children, spouses, and parents of citizens, professors, ministers, and 1 or 2 other technical categories—and to place all general immigration, including immigration from the Western Hemisphere, under the quota system.

Under present and preexisting law it is theoretically possible for all the 130 million natives of Latin America to apply for immigration to the United States without numerical restriction. The fact that immigration from Western Hemisphere nations has been kept within manageable limits in the past has been due largely to arbitrary refusal by consular officials to grant more than a limited number of visas in each country. Such a procedure is obviously unjustified in law and discriminatory in practice. The nonquota status for natives of the Western Hemisphere has thus been largely mythical rather than actual. Under the terms of the proposed act, Western Hemisphere nations would fare better than under the present nonquota status but would at the same time be placed on the same footing with all other nations, subject to the total numerical limitations and to all the other qualifications of quota immigration.

The abolition of the national origins quota system and of national quotas per se results in the wiping out of existing mortgages on the quotas of many small countries—mortgages left over from the operations of the Displaced Persons Act. Under that act, displaced persons who were admitted to this country were charged against the future quotas of the countries in which the aliens happened to be born. The practical result was to cut in half the future quotas of these countries. In the case of Latvia, for instance,

one-half of its quota is used up until the year 2274; in the case of Estonia, until 2146; in the case of Poland, until 2000; in the case of Yugoslavia, until 2014; in the case of Turkey, until 1964. With the termination of the national origins quota system all these mortgages are brought to an end and immigration would begin, after the enactment of the proposed act, with a fresh start.

The proposed act would, in general, enable the United States to make its contribution toward a solution of European population and refugee problems, without the necessity of repeated emergency measures. The proposed act is designed to establish a permanent immigration policy based on world conditions which show no likelihood of alleviation for a long time to come.

The enactment of the proposed act will bring renewed hope to hopeless, persecuted, and distressed people in many lands. Enlightened immigration policies adopted by the United States will provide leadership for other countries which can absorb immigration. Millions of victims of war and of the aftermath of war may thus find opportunity for rehabilitation, to the benefit of the entire free world.

C. SPECIAL PROVISIONS FOR CHILDREN, ADOPTED CHILDREN, AND ORPHANS

(Titles I, II, and III, secs. 102 (a) (32), 202 (c), (d), and 303 (c))

The proposed act gives special attention to children—natural-born, adopted, and orphans. The proposed act facilitates the admission into the United States of alien children of American citizens and of resident aliens, treating adopted children on the same footing as natural-born children.

In recent years there have been many appeals by both private and public agencies, and by thousands of individual citizens, for special legislation to permit alien orphans to be admitted to the United States for adoption.

There has also been a demand for legislation permitting orphans who are adopted abroad by our citizens, especially by our GI's, to be brought back to this country without securing in almost every case, as is now required, the enactment of a private bill.

And finally there has been increased agitation for "doing something" about the many illegitimate children, born abroad to GI fathers—children whose mothers cannot care for them, and who could be made available for adoption by childless couples in the United States.

All these demands have been met in the proposed act by a series of special provisions dealing with adopted children and with orphans.

The proposed act provides, in the first place, that children adopted abroad by American citizens shall be considered as nonquota immigrants, the same as natural-born children, and be admitted freely without being charged to any quota.

The proposed act then makes special provision for the annual entry of up to 5,000 war, refugee, or occupation orphans (as defined in sec. 102 (a) (32)). This is accomplished by providing a priority within the asylum preference group (sec. 202 (c)) and within the national interest preference group (sec. 202 (d)), for 2,500 orphans each, annually.

Thus permanent statutory authority is provided to allow the admission of 5,000 orphans annually—if that many are demanded for adoption and qualify. This should do much to eliminate the flourishing "black market" in babies, and at the same time help solve a critical social problem in many countries of Western Europe.

"War, occupation, or refugee orphans" are defined (sec. 102 (a) (32)) as children under 10 years of age who have been orphaned by the death or disappearance of both parents, or who have been abandoned or deserted by, or separated and lost from both parents. The definition also includes a child who has only one parent due to the death or disappearance of the other parent where there is reasonable ground to believe that such other parent was a member of the Armed Forces of the United States. If the remaining parent is unable to care for the child and agrees to release the child for immigration and adoption, the child can be admitted into the United States for adoption.

All these orphans must be coming either to be adopted by American citizens or alien residents, on the basis of assurances given by such citizens or residents, or be coming under the sponsorship of a public or private agency approved by the Commission, with assurances that adoption or guardianship proceedings will be initiated for such orphans.

The provisions of the proposed act and the rules and regulations to be adopted by the Commission would adequately protect not only the American families who might wish to adopt these orphans, but would also protect the orphans' health and safety.

The McCarran-Walter Act makes no provision for an infant child whose birth occurs at a time when it is inconvenient or impossible for the parents to obtain the proper documents necessary for the child's admittance into the United States. Sometimes the children are born en route to the United States, or are born prematurely during a vacation trip to Canada or Mexico. The proposed act (sec. 303 (c)) would prevent the exclusion of any child under 1 year of age accompanied by his parents, one or both of whom are citizens of the United States. This protection would also extend to a child under 1 year of age who has been born to alien parents after their visa or reentry permit has been issued. These safeguards are designed to prevent arbitrary barring of infant children from admission into the United States with their parents.

D. SPECIAL PROVISIONS FOR VICTIMS OF PERSECUTION; THE GRANTING OF ASYLUM

(Titles I, II, and III, secs. 102 (a) (18) (B) (vi), 202, 302 (a) (4))

One of the new features of the proposed act is a series of special provisions designed to translate into legislative effect the traditional United States policy of providing asylum for victims of political, racial, and religious persecution.

This undertaking is reflected, first, in the basic quota provisions (sec. 202), in which one of the preference groups is reserved for persecutees as defined (in sec. 202): "persons whose coming will further the traditional policy of the United States of offering asylum and refuge to persons oppressed or persecuted, or threatened with oppression or persecution, because of their race, national origin, color, religion, adherence to democratic beliefs, or their opposition to totalitarianism or dictatorship."

An additional innovation of the proposed act is an arrangement whereby the Secretary of State is given authority to certify for temporary admission into this country "executive, legislative, or judicial officials or leaders of national opinion of any foreign state who seek political asylum in the United States." [Sec. 102 (a) (18) (B) (vi).] This provision requires the Secretary of State to certify that the admission of such persons is "in the interest of the United States." Under these terms, officials of foreign governments who escape, for instance, from behind the Iron Curtain or are forced to flee from a Latin American country because of an armed uprising, may be granted, on the certification of the Secretary of State, temporary haven in the United States as nonimmigrant visitors. Thus, the United States will be able to provide political asylum as Switzerland does.

In regard to this special class of refugees, there is no fixed requirement that they must satisfy all the standards established for other immigrants or even nonimmigrants. All such requirements may be waived at the discretion of the Secretary of State if the Secretary of State finds that the entry of these individuals is in the interest of the United States.

A further provision dealing with asylum from persecution (sec. 302 (a) (4)) authorizes the Commission to grant to a person fleeing for his life from political, religious, or racial persecution special permission to enter the United States, even though he may not have a visa. Such a fugitive must be otherwise eligible, in all respects, to receive a visa, and must have been unable to obtain the visa because he fled in imminent danger of his life from political, racial, or religious persecution.

E. NONIMMIGRANTS

(Titles I and III, secs. 102 (a) (18), 305)

With respect to various classes of nonimmigrants, such as visitors, diplomats, students, and treaty merchants (sec. 102 (a) (18)), it has always been necessary to vest power to waive what might otherwise be grounds for exclusion. Under the proposed act that power is vested in the Commission (sec. 305) in regard to all aliens except those in diplomatic categories (102 (a) (18) (A), (B), and (C)) who receive their visas at the direction of the Secretary of State. Waivers may be granted on such terms and conditions as the Commission deems appropriate to protect the national health and security, and all waivers of more than 30 days' duration must be reported annually to Congress.

The McCarran-Walter Act has been administered as though there were no logical basis for differentiation between an immigrant for permanent residence and a visitor seeking to enter the United States for business or for pleasure; or to lecture, to take part in a scientific seminar or conference, or a gathering of scholars or artists or for consultation with other specialists in the sciences or the arts.

Scientific research in a variety of fields, for instance, has suffered significantly in the United States, because of the inability of foreign scientists and scholars to enter after being invited here to attend such meetings and conferences. Many international conferences on science and technology which might otherwise be held in this country are now being scheduled elsewhere, to our great loss in scientific knowledge, business, and prestige.

Admission for permanent residence is properly denied to actual or potential subversives, but the privilege of even a temporary visit to the United States is now also being denied in the cases of persons whose political thinking appears to deviate in any marked way from orthodox political concepts. Were such a criterion to be applied on a reciprocal basis by other countries, no American citizen devoted to the principles of free speech, free press, and free worship would be admissible even as a tourist to totalitarian countries or to any countries with basic political concepts different from our own.

The purpose of the waiver provision in the proposed act is to restore reason and flexibility in the case of the nonimmigrant, subject only to measures necessary for the protection of the national health and security.

F. ENTRY, EXCLUSION AND DEPORTATION OF ALIENS: PROVISIONS TO PROMOTE THE SECURITY AND WELFARE OF THE UNITED STATES

(Titles I, III, and IV, secs. 102 (a) (15), 102 (a) (28), 301, 302, 323, 333–336, 341 et. seq., 361 et seq., 367, 413, 414, and 422)

One of the major goals of the proposed act is to eliminate discriminatory and unnecessarily harsh provisions contained in the McCarran-Walter Act relating to exclusion and deportation; to guard against abuse of administrative discretion; and to provide adequate safeguards against the admission or

retention in the United States of subversives or other undesirable aliens. This objective is sought to be achieved in various sections of title III.

It is recognized that the American people rightly desire that our immigration laws contain all provisions necessary to insure us against infiltration by subversive elements. Self-defense and common sense require that every possible and reasonable precaution be taken to prevent the admission of individuals whose purpose is to subvert or overthrow the Government of the United States and our democratic way of life. The same strictures are pertinent in regard to the admission of criminal elements or other undesirables. In the proposed act every practical protection has been provided for our national security. Comprehensive and workable standards are established so that genuine subversives and anti-democratic elements are barred from admission. Provision is made for the deportation of those who, despite all precautions, obtain entry to this country.

In fact, the antisubversive provisions of the proposed act are designed to be more effective than those in the McCarran Act.

The McCarran Act erects such a confused and contradictory network of antisubversive provisions that it catches many anti-Communists in its web while allowing true subversives, both Fascist and Communist, to slip through.

Thus, while the McCarran Act erects a Maginot line of defense against all individuals guilty of dangerous thoughts or associations, who seek to come to the United States through the conventional channels of immigration, the McCarran Act establishes virtually no safeguards against the surreptitious entry of spies and saboteurs across the Mexican and Canadian borders. Nor does the McCarran Act contain any barriers against the admission of Nazis.

The proposed act (sec. 301) sets forth 15 categories of aliens defined as ineligible to receive visas. A valid visa is, of course, a prerequisite for admission. Exceptions from the rigid standards of eligibility and the right to waive some of the grounds of ineligibility are duly provided for, where an admission would not be contrary to the best interests of the United States. Generally speaking, aliens who are mentally defective, who have contagious diseases, who are criminals or subversive, or who are otherwise undesirable for the reasons enumerated in section 301 are ineligible to obtain visas.

Among the classes of aliens most clearly ineligible for admission are those who have advocated or taught subversive doctrine, or who have been members of or affiliated with any organization which advocates or teaches subversive doctrine. Aliens ineligible under these provisions may be admitted if their activities or affiliations were terminated at least 5 years prior to the application for a visa, and their entry would not be contrary to the best interests of the United States (Sec. 301 (i) (2)).

The term "subversive doctrine" is defined in Sec. 102 (a) (28) (A) to (F) inclusive, and under the three subsequent subsections (G) to (I) inclusive. In accordance with these provisions, certain organizations are defined as subversive per se. These are: The Communist Party of the United States or of the Soviet Union; or any other Communist Party in any other country, affiliated with either the Communist Party of the United States or of the Soviet Union; the National Socialist Party of Germany or any of its paramilitary affiliates; and any successor parties to the above-named which advocate or teach subversive doctrine.

The definition of "subversive doctrine" is so written as to bar aliens who advocate: (a) opposition to all organized government or forms of law; (b) the overthrow of the Government of the United States by force, violence or other unconstitutional means; (c) the establishment of a totalitarian dictatorship in the United States (which is itself defined in sec. 102 (a) (29)); (d) the duty, necessity or propriety of the assassination of public officials; (e) the unlawful destruction of property, or the extermination or persecution of persons because of race, religion or ancestry.

Membership in or affiliation with an organization which advocates or teaches subversive doctrine (sec. 102 (a) (15)) means voluntary membership or affiliation when over the age of 16 with knowledge that the organization advocates or teaches subversive doctrine. "Voluntary" membership or affiliation does not include joining a "subversive" organization when required to do so by law, without personal belief in the subversive doctrine taught or advocated, or solely for the purpose of obtaining employment, education, food or other essentials of life.

The classes of undesirable applicants for admission also include those who seek to enter the United States for the purpose of engaging in commercialized vice, who are paupers, professional beggars, vagrants, or who are likely to become public charges; and also aliens who have been convicted of violating laws relating to traffic in narcotic drugs (sec. 301 (c), (d), (e) and (k)).

Except where a charge of crime is made for political purposes, aliens who have been duly charged with committing a crime involving moral turpitude are ineligible for visas (sec. 301 (l)), as are those who desert from the armed forces or remain abroad in order to avoid military service (sec. 414).

Aliens who have assisted any other alien to enter the United States illegally are themselves barred, as are, of course, all aliens who have attempted to enter by willful and material fraud (sec. 301 (o) and (p)).

The proposed act makes improvements in the present system of keeping a check on undesirable aliens. All investigative agencies are directed to keep the Commission advised of relevant information they may gather regarding any alien who may apply for admission, or who may enter the United States, so that all such information will eventually be concentrated in one place, where it can be acted upon promptly and effectively, thus avoiding duplication, waste, and delay (sec. 116).

The proposed act is generally more uniform than the McCarran Act in its application of similar standards to all aliens. Substantially the same provisions relating to eligibility for visas are to be found in the sections relating to deportation and to naturalization (secs. 341, 413, 422).

As pointed out elsewhere, the proposed act, by creating a single agency to administer the immigration laws, minimizes the chances of cruel and unnecessary loss and injury to would-be immigrants, who, under the McCarran Act, may be granted a visa abroad by the consular service and denied admission at the port of entry by the Immigration Service (sec. 302).

Under the proposed act, visa-granting officers of the Commission are bound to exercise great care before issuing a visa (sec. 322), and the alien whose eligibility for admission is established is then assured that, except for one or more of several contingencies provided for in the proposed act (sec. 302 (b)), his trip to the United States will not be in vain, and he will be admitted.

The idea of making a visa a virtually certain guaranty of admission into the United States is also applied to reentry permits. Under existing law, a resident alien, duly admitted and about to leave the country for a temporary visit abroad, may apply for and receive a reentry permit. But the permit is of no practical validity. When the alien returns to an American port, he is treated as if he had never before been admitted, and he may, and frequently is, denied admission on any one of a wide variety of grounds. This is the notorious new-entry doctrine which the proposed act would abolish. Under the proposed act an alien having his home in the United States and desiring to go temporarily abroad may be denied a reentry permit on security or other grounds (sec. 323). But if he is granted a reentry permit, he is guaranteed a return to the United States, except under certain few and clearly defined circumstances (sec. 302).

The proposed act would nullify the effect of a visa or reentry permit in those cases where it was procured by willful and material fraud; or where new evidence, discovered after the issuance of a visa, would, if it had been known, have made the alien ineligible for a visa; or where he fails to meet other specified conditions contained in the proposed act (sec. 302 (b)).

As a general rule an alien previously admitted to the United States but who has gone abroad for a temporary stay is to be excluded only if, while he was abroad, he was convinced of a crime involving moral turpitude; or if he seeks to reenter to engage in criminal activities; or if, while abroad, he has advocated or taught subversive doctrine, or joined with or become associated with a subversive organization; or if he has for gain assisted any other alien to enter the United States in violation of law (sec. 303).

In these respects, the provisions of the proposed act in regard to reentry permits are similar to those governing visas: Aliens who are undesirable for security or for other reasons set forth in the proposed act are not admitted or allowed to enter the United States, even if they have a visa or reentry permit (sec. 302 (b)).

On the other hand, the possibilities for arbitrary, capricious, and otherwise unfair treatment of aliens is greatly minimized. Procedures are created for hearings and for appeals from adverse rulings, and all proper precautions are taken to provide safeguards against discrimination and other injustices, and to assure humane and impartial consideration to all who come to the United States to visit or to stay.

The proposed act requires the examination and inspection of all arriving aliens, other than those who are not excludable, and the prompt deportation of those who are not entitled to enter (secs. 333–336).

Nine classes of aliens who are or may become deportable are defined in the proposed act (sec. 341). These include aliens who are (1) found to have obtained admission through fraud; or (2) enter the United States without inspection; or (3) violate a condition of admission; or (4) become public charges within 5 years after entry for reasons not shown to have arisen after entry; or (5) are sentenced and confined in prison for a term of at least 1 year upon conviction of a crime involving moral turpitude, committed within 5 years after entry; or (6) within 10 years after entry, are sentenced more than once for such offenses; or (7) are convicted at any time after entry of any crime involving commercialized vice; or (8) are convicted at any time after entry of violating laws relating to narcotic drugs; or (9) within 5 years prior to the issuance of a warrant of arrest in deportation proceedings, advocated or taught or were members of or affiliated with organizations which advocated or taught subversive doctrine.

It is provided that conviction, as used in this connection, shall not apply to crime committed by aliens under 16 years of age, or those which have been pardoned, or to convictions where the court recommends that deportation is not warranted. In addition, the Commission is given authority to waive deportation for a single crime where serious hardship would occur and where continued residence in the United States would not be undesirable (sec. 301 (b)).

No alien who has been admitted for permanent residence before his 14th birthday may thereafter be deported, nor an alien who

has lived as a permanent resident of the United States for 20 years or more (except as a fugitive from justice) (secs. 341, 342).

The proposed act contains detailed provisions for the arrest and detention of aliens believed to be deportable (secs. 343 et seq.). Ordinarily, the Commission is given a period of 6 months within which to effect the alien's departure. Aliens ordered to be deported are given an opportunity for judicial review, but meanwhile remain subject to supervision by the Commission.

Aliens who are to be deported may select the country to which they wish to go, if the country in question will receive them, unless prejudicial to the interests of the United States. If a deportable alien is unable to or fails to arrange to be received in the country of his choice, his deportation is then to be arranged by the Commission (sec. 344).

Appropriate provision is made to defray the expenses of deportation. Deportable aliens who can prove good moral character for the preceding 5 years are permitted to leave at their own expense without the stigma of deportation (sec. 345).

All aliens who remain in the United States for more than 30 days are required to be fingerprinted and registered, and to notify the Attorney General of any change of address (secs. 361 et seq.). But failure to carry a registration card or to notify the Attorney General of a change of address, while a misdemeanor if it is a willful failure, is not made, ipso facto, a ground for deportation, as such a failure is under the McCarran Act.

The proposed act contemplates that all information with respect to registration of aliens will be kept in a central place, and the Attorney General is given full authority to administer and enforce the registration provisions (sec. 367).

Scattered through the proposed act are provisions imposing maximum penalties, some giving the Commission authority to assess and collect fines, and other provisions defining offenses punishable by the courts. In addition, chapter 8 of title III contains general penalty provisions, in which a number of offenses are defined and appropriate penalties provided. This chapter also provides for the detention and prompt deportation of alien stowaways.

In general, the proposed act is much more definite than the McCarran Act in its treatment of aliens who apply for visas, who are admitted or excluded, and those who, if admitted, thereafter become deportable and are ordered to be deported. Full recognition is given to the gravity of the issues involved in the decisions to grant, revoke, or deny visas, or to exclude or deport.

The proposed provisions under which children admitted prior to the age of 14 and aliens who have resided in the United States for more than 20 years are made immune to deportation reflect tested principles long recognized in our general body of laws covering criminal offenses and civil liabilities.

The deplorable tendency in recent immigration legislation to remove limitations of time within which the Government is required to act in order to deport an alien is reversed in the proposed act. Under the McCarran Act an alien living in the United States who joined the Communist Party at any time in the distant past—perhaps 20 or 30 years ago—is subject to deportation even though he may have left the party soon after poining, and may have subsequently become a strong anti-Communist.

Under the McCarran Act the Government is required to deport such an individual, thus causing great distress and hardship on members of his family. At the same time, the McCarran Act admits aliens who, 5 years or more previous to their admissions to the United States, may have been active members of the Communist Party.

It should be emphasized that the present provision for deportation of resident aliens who have, in the past, belonged to subversive organizations is retroactive and penalizes persons whose acts were not proscribed at the time the actions were taken. The proposed act eliminates this inconsistent retroactivity.

Banishment or exile is a severe penalty, the relic of another day and age. In many cases it is a much greater punishment than any provided by the criminal laws, and should not be imposed under conditions where no criminal prosecution could be brought. That goal has not quite been reached in the proposed act but the new proposals are a marked improvement, at the same time containing adequate provisions to guard the security, the health and the welfare of the United States.

G. ALIEN CREWMEN

(Title III, secs. 352, 354–357)

The provisions of the McCarran-Walter Act (secs. 251–257) which deal with the admission and exclusion of alien crewmen have been widely criticized as unworkable and unfair. The press of the major maritime countries of the world has been filled with reports of the abuse and unfairness involved in the procedures for handling alien crewmen who wish to land temporarily in the United States during the stay of their vessel, or while awaiting assignment to another vessel.

Under the terms of the McCarran-Walter Act, alien crewmen are for the first time required to fulfill the same requirements as immigrants coming to live permanently in the United States. Arriving at the port of entry, they are cross-examined concerning every detail of their past lives and political beliefs and affiliations. This questioning is neither appropriate nor necessary for crewmen who are coming here for only a few days.

Under the proposed act an alien crewman can be prevented from landing in the United States on any ground that would make him ineligible to receive a visa (sec. 352). However, unlike the McCarran Act, the proposed act gives the Commission the power to waive any provision barring the temporary landing of an alien crewman if it determines that the health and safety of the United States would not be thereby endangered.

The McCarran Act makes no provision for informing the excluded crewman of the reasons for denial of a permit to land, and it provides him with no administrative appeal from the decision of minor immigration officials.

The proposed act would not extend to alien crewmen the broad hearing and appeals procedures provided for aliens coming here as permanent immigrants, but the proposed act would provide for expeditious hearings under special rules and regulations, in cases where landing permits for alien crewmen are denied or revoked (sec. 352 (b)).

The proposed act retains all the necessary safeguards to prevent the landing of diseased alien crewmen, and to prevent alien crewmen from illegally remaining in this country by jumping ship, or by being discharged or paid off in the United States without permission of the Commission (secs. 354–357).

The McCarran Act sets an absolute time limit of 29 days for temporary landing permits. This restriction has worked considerable hardship on alien crewmen who have become subject to arrest as a result of sailing delays, or failure to obtain assignment on another ship. The proposed act would leave to the determination of the Commission the time limitation on a valid permit. All waiver cases for stays exceeding 30 days are required to be reported to Congress.

H. ADJUSTMENT OF STATUS

(Title III, sec. 346)

Reasonable and flexible provisions for the adjustment of the status of an alien from that of a nonimmigrant to an immigrant or vice versa without the time-consuming and expensive necessity of leaving and reentering the country have long been needed in our immigration laws. Prior to the McCarran-Walter Act this was possible only through the suspension of a warrant of deportation, a suspension which could be secured only in the case of an alien who had resided here for 7 years or who had lived here for 5 years and could prove to the Attorney General (a) good moral character; and (b) that his deportation would result in serious economic detriment to a citizen or to a legally resident alien spouse, parent, or minor child.

The McCarran-Walter Act (sec. 247) established direct procedures for adjustment of status, permitting a resident alien to adjust his status from that of immigrant to nonimmigrant, and appearing to make it possible (sec. 245) for a nonimmigrant to adjust his status to that of an immigrant. The latter provision, however, seems to be more of a trap for the unwary than a grant of grace. The adjustment may be granted only in the discretion of the Attorney General when, both at the time of the application and at the time of the Attorney General's approval of that application, an immigrant visa is immediately available. The McCarran-Walter Act defines a visa as being immediately available only if the quota is not filled at the time the application for adjustment of status is filed. The McCarran Act provides, moveover, that the very act of filing an application for adjustment of status automatically ends the nonimmigrant status of the applicant. Thus, an alien who files such an application may become immediately subject to deportation if, all unknown to the alien, an immigration visa is not immediately available.

This is a clear illustration of the undue harshness of the McCarran Act, under whose terms broad discretion is granted to the Attorney General to exclude aliens from admission to the United States, or to deport them, but whose discretion to suspend deportation or to permit change of status is severely limited.

With respect to suspension of a warrant of deportation, the McCarran Act (sec. 244 (a)) drastically cuts down the rights existing under prior law. Under the McCarran Act the procedure is restricted to applications filed not more than 5 years after December 24, 1952, by aliens who last entered the United States more than 2 years prior to June 20, 1952. It requires a 7-year residence in the United States, and the Attorney General must be convinced that the alien's deportation would "result in exceptional and extremely unusual hardship to the alien, or to his spouse, parent, or minor child who is a citizen or legally resident alien."

The proposed act (sec. 346) simplifies and combines the two procedures and makes it possible for any legally resident alien, as a matter of right, upon application and appropriate showing to the Commission, to adjust his status. If the adjustment sought is to the status of an immigrant, the alien need merely show that (1) if he were applying abroad, he would be eligible for admission, and (2) a visa is reasonably available in the group for which the alien is eligible. In a case where those facts cannot be shown, the alien may nonetheless obtain the adjustment if he proves good moral character for the preceding 5 years, and that he has resided in the United States for 7 years, or that his departure from the United States would cause "serious hardship to himself or to a citizen or a previously admitted alien who is his spouse or child."

I. CITIZENSHIP AND NATURALIZATION

(Title IV)

The corresponding title of the McCarran-Walter Act was presented to the American people as an advance, because it abolished racial barriers to naturalization. But at the

same time the McCarran Act riveted into law a rigid second-class status for naturalized citizens of the United States and, under this title as elsewhere, vested tremendous power in the unreviewable discretion of the Attorney General. The proposed act grants to naturalized citizens full equality with natural-born citizens, except in cases where naturalization was procured by actual fraud. The proposed act makes other changes to simplify and clarify the law and to bring naturalization and denaturalization procedures back into line with traditional American standards of justice.

J. WHO IS A CITIZEN?

(Secs. 401, 402, and 408)

Citizenship is acquired either at birth or by naturalization. The proposed act (sec. 401) slightly broadens the category of citizens of the United States at birth, abolishing the undemocratic distinction between citizen and national (now applicable to persons born in American Samoa and Swains Island), and (sec. 408) extending citizenship to persons born in Puerto Rico before 1899 (sec. 402).

K. REQUIREMENTS AND PROCEDURES FOR NATURALIZATION

(Secs. 413, 421–423, 431–434, 447)

Except in certain special cases, noted below, a 5-year residence in the United States is required for naturalization. The proposed act returns to pre-McCarran law by abolishing the McCarran Act's conclusive presumption (sec. 316 (b)), that absence from the United States for a period of 6 months or more breaks the continuity of residence for naturalization purposes. An alien absent for less than 1 year will, under the proposed act (sec. 422), be able to show that he had reasonable cause for not having sooner returned to the United States. Absences longer than a year without breaking the continuity of residence are permitted by the McCarran Act only in the case of a person absent in connection with the performance of religious duties (sec. 317). Under the proposed act (sec. 423) this exemption is extended to alien employees of specified types of United States organizations who may be sent abroad in connection with their jobs.

In view of the obvious desirability of having all members of a family group acquire United States citizenship as soon as reasonably possible, our law has always reduced the residence requirement in the case of the spouse of an American citizen and has permitted the naturalization of minor children through the naturalization of their parents. The proposed act reduces the required residence of a spouse of a United States citizen from 3 years to 1 year (sec. 431) and increases the maximum age for derivative naturalization from 15 to 17 (secs. 432, 433). Also the proposed act extends this privilege to legally adopted children (sec. 434). Abuse of these provisions, as through short-lived marriages entered into for the purpose of acquiring citizenship, is guarded against by the provision for revocation of any naturalization procured by fraud (sec. 447).

Subversive activity will bar naturalization. But instead of the vague and general language of the McCarran Act (sec. 313), the proposed act gives a clear and definite test—precisely the same as that applied in an exclusion or deportation case—namely, no alien may be naturalized if at any time within 5 years of filing his petition for naturalization, or at any time prior to naturalization, he has either advocated or taught subversive doctrine or been a member of or affiliated with a subversive organization (sec. 413).

The proposed act retains the literacy requirement for naturalization, but restores it to the form in which it was prior to the McCarran Act, requiring that the petitioner be able to read. No writing requirement is provided (sec. 421).

In accordance with the modern trend in all fields of law, the proposed act permits naturalization on an affirmation rather than an oath in the case of a person whose religion forbids the taking of an oath (sec. 444).

No basic change is proposed in the procedure for obtaining naturalization. The proposed act does, however, restore the law to what it was prior to the McCarran Act in two important respects:

First, it eliminates the mandatory requirement of the so-called neighborhood check of the petitioner, leaving to the discretion of the Commission the scope of the investigation in any particular case.

Second, it deletes the provision of the McCarran Act (sec. 335 (d))—completely foreign to American concepts of proper administrative procedure—which permits the naturalization examiner, a subordinate employee of the Attorney General, to be represented in court by separate counsel, in cases in which the Attorney General has overruled the examiner.

Under the proposed act the court would have before it the complete record of the Commission's action on the naturalization petition, including, as a part of the record, the examiner's decision.

L. SPECIAL NATURALIZATION PROCEDURES FOR GI'S; EXPEDITED NATURALIZATION FOR WARTIME SERVICE IN KOREA

(Secs. 436–438)

The privilege of accelerated acquisition of United States citizenship through wartime service in the Armed Forces of the United States is granted, as in present law, to veterans of World War I, World War II, and the Korean conflict. Ninety days of such wartime service is required. In the case of Korea, the service must be during the period June 25, 1950, through July 1, 1955 (sec. 437 (b)).

Service in the Armed Forces during peacetime or other than in the Korean conflict is required to amount to 3 years in order to qualify the alien for citizenship (sec. 437 (a)). Arrangements for naturalization in the field and standards for determination of honorable service are also included (sec. 438) in the proposed act. A much simpler procedure is provided than under present law.

The proposed act reverts to the law as it was prior to the McCarran Act in restoring a simplified procedure for the naturalization of persons who lost their United States citizenship by serving in the armies of the allies of the United States during World War II (sec. 436).

M. LOSS OF CITIZENSHIP AND REVOCATION OF NATURALIZATION

(Secs. 447, 451, and 452)

Loss of United States citizenship, whether acquired by birth or by naturalization, is a drastic penalty. The McCarran Act (sec. 349) contains a long list of acts which automatically cause loss of citizenship. If citizenship was acquired by naturalization, those acts may include mere residence abroad for as little as 3 years (sec. 352). Moreover, the effect of these provisions in every case is to place upon the person whose citizenship is thus forfeited the burden of proving that he did not, in fact, commit the act on the basis of which our Government now strips him of citizenship.

Under the proposed act, two basic changes are made:

First, the list of acts which automatically would cause loss of citizenship is limited to (1) renunciation of United States citizenship, (2) obtaining naturalization in a foreign nation, (3) desertion in time of war, (4) leaving the country to avoid military service, (5) conviction for treason, or (6) an attempt to overthrow our Government by force of arms (sec. 451).

The McCarran Act (sec. 349) specifies additional grounds, e. g., taking an oath of allegiance to a foreign state, serving in its armed forces, accepting or serving in an office under a foreign government if foreign nationality is thereby acquired, and voting in a foreign political election. Under the proposed act only the taking of an oath of allegiance, or service in the armed forces of a foreign state after having acquired its nationality, in each case without compulsion, will result in a loss of citizenship. In such a case, as in a proceeding for revocation of naturalization, loss of citizenship would result only from a decree of a United States court in a proceeding brought by the Commission for forfeiture of citizenship, in which the Commission would have to sustain the burden of proof, e. g., to show that by swearing allegiance to a foreign state the defendant acted without compulsion (sec. 452).

All distinctions between native-born and naturalized citizens are abolished by the proposed act so that mere residence abroad, even in the country of birth or former citizenship, will not, as it does under the McCarran Act (sec. 352), forfeit United States citizenship.

With respect to revocation of naturalization, the proposed act would restore the law to what it was prior to the McCarran Act. The basic ground for revocation of naturalization has always been fraud in its procurement. However, the McCarran Act (sec. 340) contains a broad definition of fraud which may include an unintentional concealment of a material fact, even where the petitioner for naturalization did not think it was material or had forgotten it. The McCarran Act also has provisions under which such things as refusal to testify before a congressional committee (sec. 340 (a)), residence in the country of birth (sec. 340 (d)), or joining a subversive or front organization (sec. 340 (c)), after naturalization, may give rise to a conclusive presumption that the naturalization was procured by fraud. These provisions are of doubtful constitutionality as they stand in the McCarran Act. However, the proposed act (sec. 447), eliminates them as un-American. It leaves naturalization revocable only for an act found by the courts to constitute fraud in its procurement. Action for revocation of naturalization must be brought within 10 years after citizenship was granted, an extension of the statute-of-limitations concept to the field of naturalization.

N. NO PROTECTION OF THE RIGHTS OF CITIZENSHIP

(Sec. 455)

Both under the McCarran Act and under prior law, a person denied a right or privilege of citizenship on the ground that he is not a citizen must seek confirmation of his status by suit for a declaratory judgment in the United States courts. However, under the McCarran Act, despite the fact that the Government may assert citizenship to be lost while the individual is abroad, the suit to confirm the citizenship status may be brought only if the plaintiff is within the United States (sec. 360 (a)).

Under the proposed act (sec. 455), the action could be instituted while the plaintiff is outside the United States and the court may, if it finds that the suit was instituted in good faith, order the issuance of a certificate of identity to the plaintiff, permitting him to come to the United States while the suit is pending. If he loses the case, the plaintiff is made immediately deportable.

O. JOINT CONGRESSIONAL COMMITTEE

(Title V, sec. 501)

The McCarran-Walter Act established a joint congressional committee which was given broad—far too broad—powers in connection with the administration of our immigration and naturalization laws. The basic idea of a Joint Committee on Immigration and Naturalization is a useful one. But

the provisions of the McCarran-Walter Act setting up this committee are violently inconsistent with sound Government practices.

Under the McCarran-Walter Act power is given to the joint committee to participate in the administration of the act. Subordinate administrators are required to report directly to the joint committee, a gross violation of the concepts of sound government and of the doctrine of the separation of powers as between the legislative and executive branches of Government.

Moreover, under the terms of the McCarran-Walter Act, membership on the joint committee is reserved to members of the Judiciary Committees of the House and Senate. This reflects the basic philosophy inherent in the McCarran-Walter Act that immigration policy is solely and entirely a matter of police powers, of investigation, apprehension, prosecution, and punishment, and is of only legal concern.

The proposed act is based on quite another philosophy, namely, that immigration and naturalization policy has much wider ramifications, involving foreign policy, economic policy, and the public welfare generally.

Consequently, in the proposed act (sec. 501), the joint congressional committee is first of all confined in its jurisdiction and functions to matters of legislation and legislative inquiry; secondly, the committee is broadened to include representation of the Foreign Relations and the Labor and Public Welfare Committees, as well as of the Judiciary Committee. The joint committee is, of course, retained as a bipartisan committee. The distribution of membership in each House is as follows: 3 from the Judiciary Committee, 2 from the Foreign Relations Committee, and 2 from the Committee on Labor and Public Welfare.

Such a joint committee, with broad representation and clearly defined legislative functions, can usefully operate to keep a vigilant eye on the administration of our immigration laws and the effect of those laws and policies upon our relations abroad, upon our economy at home, and upon the welfare of the country as a whole.

EXTENSION OF TIME TO FILE REPORT OF JOINT COMMITTEE ON THE ECONOMIC REPORT

Mr. DOUGLAS. Mr. President, according to the text of the Employment Act of 1946, the Joint Committee on the Economic Report is supposed to file its report on the 1st of March. The committee voted unanimously yesterday morning to request that it be given until March 15 to file its report. I ask unanimous consent that this additional time be granted to the committee.

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

PRELIMINARY REPORT OF THE UNITED STATES COMMISSION FOR THE CELEBRATION OF THE 200TH ANNIVERSARY OF THE BIRTH OF ALEXANDER HAMILTON (S. DOC. NO. 12)

Mr. MUNDT. Mr. President, Senate Joint Resolution 140, which was passed by the 83d Congress, 2d session, established a commission for the celebration of the 200th anniversary of the birth of Alexander Hamilton. Section 6 of Public Law 601 requires the Commission to make a report to Congress on or before March 1, 1955. As chairman of the Alexander Hamilton Bicentennial Commission, I submit a preliminary report, and I ask unanimous consent that it be printed in the RECORD at this point, and also that it be printed as a Senate document.

The PRESIDENT pro tempore. Without objection, the report will be printed in the RECORD; and, without objection, the report will also be printed as a Senate document.

The preliminary report, presented by Mr. MUNDT, is as follows:

PRELIMINARY REPORT OF THE UNITED STATES COMMISSION FOR THE CELEBRATION OF THE 200TH ANNIVERSARY OF THE BIRTH OF ALEXANDER HAMILTON, WHICH OCCURS IN 1957

WASHINGTON, D. C., *February 24, 1955.*

To the Senate and the House of Representatives:

Senate Joint Resolution 140, to establish a Commission for the celebration of the 200th anniversary of the birth of Alexander Hamilton, passed by the 83d Congress, 2d session, was approved by the President on August 20, 1954 (Public Law 601, ch. 770).

Pursuant to the law:

The Speaker of the House of Representatives, on August 21, 1954, appointed the following Representatives as members of the Commission:

Hon. FREDERIC R. COUDERT, JR., of New York.
Hon. THOMAS E. MARTIN, of Iowa.
Hon. PETER W. RODINO, JR., of New Jersey.
Hon. JOHN J. ROONEY, of New York.

The President of the Senate on November 17, 1954, appointed the following Senators to be members of the Commission:

Hon. HARRY FLOOD BYRD, of Virginia.
Hon. THOMAS C. HENNINGS, JR., of Missouri.
Hon. IRVING M. IVES, of New York.
Hon. KARL E. MUNDT, of South Dakota.

The President of the United States on January 11, 1955, the 198th anniversary of Hamilton's birth, appointed the following persons as members of the Commission:

Milton G. Baker, of Pennsylvania.
Edward R. Burke, of Maryland.
Mrs. Marie Coffin, of the District of Columbia.
George M. Humphrey, Secretary of the Treasury.
Laurens M. Hamilton, of Virginia.
John A. Krout, of New York.
Clark Haynes Minor, of New York.
Mrs. Margaret W. Patterson, of New York.

On February 1, 1955, at the call of the Secretary of the Treasury, the Alexander Hamilton Bicentennial Commission met in the Secretary's office for the purpose of organization. Senator KARL E. MUNDT was elected Chairman, and Representative FREDERIC R. COUDERT, JR., was elected Vice Chairman, pursuant to the terms of the law. Mr. W. Randolph Burgess, Under Secretary of the Treasury for Monetary Affairs, was named Secretary of the Commission, and Mr. Robert A. Dillon, of the Treasury Department, was named Assistant Secretary.

The Commission established an Executive Committee of 5 members, consisting of the Chairman, the Vice Chairman, and 3 to be appointed by the Chairman. The Secretary was made an ex officio member of the Executive Committee. The Chairman named Mr. Burke, Mr. Hamilton, and Representative ROONEY to serve with himself and the Vice Chairman on the Executive Committee.

The Executive Committee of the Commission met in Senator MUNDT's office on February 7, 1955. The executive offices of the Commission were established at 1624 I Street NW., Washington, D. C., through the courtesy of the American Good Government Society, and research space has been assigned by the Library of Congress in its Manuscripts Division.

J. Harvie Williams, of the District of Columbia, was appointed Director of the Commission, and Dr. Frank Monaghan, also of the District of Columbia, was appointed Historian of the Commission, to prepare a report for the Commission on plans and a program for signalizing the bicentennial of Alexander Hamilton in 1957, in accordance with section 2 of Public Law 601, which requires the Commission to give due consideration to any plan or plans which may be submitted to it.

Meanwhile, the term of Representative Thomas E. Martin having expired with the 83d Congress, the Speaker of the House appointed Representative CARROLL REECE, of Tennessee, as a member of the Commission.

Section 6 of Public Law 601 requires the Commission to make a report to Congress on or before March 1, 1955, in order that further enabling legislation may be enacted. In view of the extremely limited time since the Commission was organized it is not prepared at this time to make definitive recommendations with respect to the programs of the Commission which might require such legislation. However, such a report will be made at the earliest possible date, perhaps by May 1, 1955.

During the 10 months between Senator MUNDT's introduction of Senate Joint Resolution 140 and the organization of the Commission, informal work was done in behalf of its ultimate objectives. Indicative of the intense interest in Alexander Hamilton and his contributions to the building of the Republic is the fact that several national organizations had established special committees to cooperate with the proposed Commission, when appointed.

Within 10 days of their appointments the Director and the Historian met in Washington with special committees of the Manuscript Society and the American Association for State and Local History. Both of these committees, representing more than 1,800 private collectors, museums, local libraries, and historical societies, have already submitted varied and excellent proposals which are now under consideration by the Commission, together with others from within and without the Commission.

Our heartening experience with these two prominent organizations leads us to expect equal cooperation from other national groups in strategic positions to further the ultimate program of the Commission.

Among the suggestions made to the Commission from every informed source is the publication of an adequate and comprehensive edition of Hamilton's papers. Previous editions of Hamilton's works, inadequate as they were, have long since been out of print, and are generally unavailable. The unpublished Hamilton materials now available, together with a reediting of previously published manuscripts will provide the solid foundation for what the report of the Senate Committee on the Judiciary called the finest monument that could be erected to Hamilton. This and all other proposals which have been or may be made will receive careful consideration by the Commission.

The Commission plans to submit a comprehensive report with recommendations on or about May 1, 1955.

Respectfully submitted.

KARL E. MUNDT,
Chairman, Alexander Hamilton Bicentennial Commission.

EXTENSION OF AUTHORITY FOR THE PRESIDENT TO ENTER INTO TRADE AGREEMENTS—AMENDMENTS

Mr. WATKINS. Mr. President, I submit proposed amendments, in the nature of a substitute, intended to be proposed by me to the bill (H. R. 1) to extend the authority of the President to enter into

trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, and ask that they be printed, and appropriately referred.

I have prepared a statement completely explaining my views on this problem which I desire to submit as part of my remarks.

In explanation of the proposed amendments, I wish to make just a short description.

The amendments are designed to bring the tariff-making procedure of the United States back into equilibrium again. This they do by the following:

First. Continuing to provide for utilizing the administrative facilities and services of the executive branch of the Federal Government for the negotiation of trade agreements under standards and within limits of congressional delegations.

Second. Revitalizing the United States Tariff Commission by establishing criteria as a basis for its escape clause recommendations which also must be definite and specific and which are so designed as to insure that congressional policy is carried out.

Third. Reserving to the Congress the final decision on escape clause recommendations of the Tariff Commission.

Briefly, the amendatory substitute I am introducing for H. R. 1 provides for:

First. The extension of the trade agreement program. In this respect, it recognizes that the actual negotiation with regard to the thousands of items covered by trade agreement and tariff legislation is best handled by the executive branch of the Federal Government.

Second. It increases to seven the number of Commissioners of the United States Tariff Commission, and provides for 7-year terms. Since the Commission is an expert body, it is essential that continuity of policy and decision be provided for in the Commission's organizational structure. This is best assured by having an odd number of Commissioners, with long tenure, and with one member leaving the Commission each year.

Third. It returns to the Congress substantive control over trade and tariff legislation, by requiring the Tariff Commission to keep the Congress informed as to the effect, before their conclusion, of proposed reciprocal trade agreements; in the case of findings of the Tariff Commission on escape-clause actions, it reserves to either House of Congress the power by a majority vote of its members to override such findings, which otherwise, in the absence of such a vote, would become final.

Fourth. It sets up a procedure—very similar to the method used in the Reorganization Act—by which the recommendations of the Tariff Commission are to be handled. The language providing for special rules for handling legislation in the absence of action by the Congress is necessary, in order to meet constitutional requirements.

Mr. President, I submit the amendments, in the nature of a substitute, for appropriate reference. I ask unanimous consent that the amendments and the statement explaining them be printed in the body of the RECORD.

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

The amendments were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That this act may be cited as the "Trade Agreements Extension Act of 1955."

"SEC. 2. The period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), is hereby extended from June 12, 1955, until the close of June 30, 1957.

"SEC. 3. (a) Subsection (a) of section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is hereby amended to read as follows:

"'(a) (1) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

"'(A) To enter into foreign trade agreements with foreign governments or instrumentalities thereof: *Provided*, That no provision in any such agreement shall be given effect in a manner inconsistent with existing legislation of the United States: *Provided further*, That the enactment of the Trade Agreements Extension Act of 1955 shall not be construed to determine or indicate the approval or disapproval by the Congress of the Executive Agreement known as the General Agreement on Tariffs and Trade.

"'(B) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or exercise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder.

"'(2) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made—

"'(A) Increasing by more than 50 percent any rate of duty existing on January 1, 1945.

"'(B) Transfering any article between the dutiable and free lists.

"'(C) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955,

decreasing by more than 50 percent any rate of duty existing on January 1, 1945.

"'(D) In order to carry out a foreign-trade agreement entered into by the President on or after June 12, 1955, decreasing (except as provided in paragraph (4) of this subsection) any rate of duty below the lowest of the following rates:

"'(i) The rate 10 percent below the rate existing on July 1, 1955.

"'(ii) In the case of any article which the President determines, at the time the foreign-trade agreement is entered into, is normally not imported into the United States or is normally imported into the United States in negligible quantities, the rate 50 percent below the rate existing on January 1, 1945. This clause shall not apply with respect to any article unless it is identified in the list required by section 3 (a) of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1360 (a)), for possible consideration as an article which is normally not imported into the United States or is normally imported into the United States in negligible quantities.

"'(iii) In the case of any article subject to an ad valorem rate of duty above 50 percent (or a combination of ad valorem rates aggregating more than 50 percent), the rate of 50 percent ad valorem (or a combination of ad valorem rates aggregating 50 percent). In the case of any article subject to a specific rate of duty (or a combination of rates including a specific rate) the ad valorem equivalent of which has been determined by the President to have been above 50 percent during a period determined by the President to be a representative period, the rate 50 percent ad valorem or the rate (or a combination of rates), however stated, the ad valorem equivalent of which the President determines would have been 50 percent during such period. The standards of valuation contained in section 402 of this act (as in effect during the representative period) shall be utilized by the President, to the maximum extent he finds such utilization practicable, in making the determinations under the preceding sentence.

"'(3) (A) Subject to the provisions of subparagraphs (B) and (C) of this paragraph, the provisions of any proclamation made under paragraph (1) (B) of this subsection, and the provisions of any proclamation of suspension under paragraph (5) of this subsection, shall be in effect from and after such time as is specified in the proclamation.

"'(B) In the case of any decrease in duty to which paragraph (2) (D) of this subsection applies—

"'(i) if the total amount of the decrease under the foreign-trade agreement does not exceed 10 percent of the rate existing on July 1, 1955, the amount of decrease becoming initially effective at one time shall not exceed 5 percent of the rate existing on July 1, 1955;

"'(ii) except as provided in clause (i), not more than one-half of the total amount of the decrease under the foreign-trade agreement shall become initially effective at one time; and

"'(iii) no part of the decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than 1 year.

"'(C) No part of any decrease in duty to which the alternative specified in paragraph (2) (D) (i) of this subsection applies shall become initially effective after the expiration of the 2-year period which begins on July 1, 1955. If any part of such decrease has become effective, then for purposes of this subparagraph any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the 2-year period expires.

"'(D) If the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed any limitation specified in paragraph (2) (D) or paragraph (4) of this subsection or subparagraph (B) of this paragraph by not more than whichever of the following is lesser:

"'(i) The difference between the limitation and the next lower whole number, or

"' One-half of 1 percent ad valorem.

In the case of a specific rate (or of a combination of rates which includes a specific

rate), the one-half of 1 percent specified in clause (ii) of the preceding sentence shall be determined in the same manner as the ad valorem equivalent of rates not stated wholly in ad valorem terms is determined for the purposes of paragraph (2) (D) (iii) of this subsection.

"'(4) Notwithstanding the foregoing limitations on the amount of decreases in duty that may be proclaimed in order to carry out foreign-trade agreements—

"'(A) in order to carry out a foreign-trade agreement entered into on or after June 12, 1955, to which the Government of Japan is a party, and with respect to which notice of intention to negotiate was published on November 16, 1954 (19 F. R. 7379), the proclamation may, if the President determines that the decrease is necessary in order to provide expanding export markets for products of Japan (including such markets in third countries), decrease by not to exceed 50 percent any rate of duty existing on January 1, 1945; and

"'(B) if such agreement is entered into before July 1, 1955, such reduced rate may be further decreased by an amount not to exceed 10 percent thereof.

"'(5) In exercising his authority under this section, the President shall avoid, to the maximum extent he deems practicable and consistent with the purpose of this section, the subdivision of classification categories.

"'(6) Subject to the provisions of section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362), duties and other import restrictions proclaimed pursuant to this section shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly or indirectly: *Provided*, That the President shall, as soon as practicable, suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purpose of this section.

"'(7) The President may at any time terminate, in whole or in part, any proclamation made pursuant to this section.'

"(b) The last sentence of section 350 (b) of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (b)), is hereby amended to read as follows: 'No rate of duty on products of Cuba shall be decreased—

"'(1) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, by more than 50 percent of the rate of duty existing on January 1, 1945, with respect to products of Cuba.

"'(2) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a) (2) (D) or (4) (subject to the provisions of subsection (a) (3) (B), (C), and (D)), each such alternative to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection a) (2) (D) (iii) may be exceeded to such extent as may be required to maintain an absolute margin of preference to which such products are entitled.'

"(c) Subsection (c) of section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (c)), is hereby amended by inserting '(1)' after '(c)', by striking out '(1)' and inserting in lieu thereof '(A)', by striking out '(2)' and inserting in lieu thereof '(B)', and by adding at the end thereof the following new paragraph:

"'(2) For purposes of this section—

"'(A) Except as provided in subsection (d), the terms "existing on January 1, 1945" and "existing on July 1, 1955" refer to rates of duty (however established, and even though temporarily suspended by act of Congress or otherwise) existing on the date specified, except rates in effect by reason of action taken pursuant to section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362).

"'(B) The term "existing" without the specification of any date, when used with respect to any matter relating to the conclusion of, or proclamation to carry out, a foreign trade agreement, means existing on the day on which that trade agreement is entered into.'

"(d) Section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351, is hereby amended by adding at the end thereof the following new subsection:

"'(e) The President shall submit to the Congress an annual report on the operation of the trade-agreements program, including information regarding new negotiations, modifications made in duties and import restrictions of the United States, reciprocal concessions obtained, modifications of existing trade agreements in order to effectuate more fully the purposes of the trade-agreements legislation (including the incorporation therein of escape clauses), and other information relating to that program and to the agreements entered into thereunder.'

"SEC. 4. Subsection (b) of section 6 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1363 (b)), is hereby amended by striking out the second sentence thereof.

"SEC. 5. (a) Section 3 (a) of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1360 (a)), is hereby amended by adding at the end thereof the following new paragraph:

"'At the time the Commission makes any report under this subsection to the President, it shall transmit a copy of such report to the Senate and a copy of such report to the House of Representatives. If either the Senate or the House of Representatives, or both, are not in session at the time of such transmission, the copy shall be filed with the Secretary of the Senate, or the Clerk of the House of Representatives, or both, as the case may be.'

"(b) Section 6 (a) of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1363), is amended to read as follows:

"'(a) No reduction in any rate of duty, or binding of any existing customs or excise treatment, or other concession hereafter proclaimed under section 350 of the Tariff Act of 1930, as amended, shall be permitted to continue in effect when importation or prospective importation, either actual or relative, of increased quantities of any product upon which a concession has been granted under a trade agreement, resulting, in whole or in part, from the duty or other customs treatment reflecting such concession, causes or threatens serious import injury to the domestic industry producing either like or directly competitive products.'

"(c) Section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), is hereby amended to read as follows:

"'SEC. 7. (a) Upon the request of the President, upon resolution of either House of Congress, upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, upon its own motion, or upon application of any interested party, the United States Tariff Commission shall promptly make an investigation and make a report thereon not later than 9 months after the application is made to determine whether importation or prospective importation, either actual or relative, of increased quantities of any product upon which a concession has been granted under a trade agreement, resulting in whole or in part, from the duty or other customs treatment reflecting such concession, causes or threatens serious import injury to the domestic industry producing either like or directly competitive products.

"'(b) In the course of any such investigation, whenever it finds evidence of serious import injury or threat of serious import injury or whenever so directed by resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, the Tariff Commission shall hold hearings giving reasonable public notice thereof and shall afford reasonable opportunity for interested parties to be present, to produce evidence, and to be heard at such hearings.

"'(c) Should the Tariff Commission find, as a result of its investigation and hearings, that importation or prospective importation, either actual or relative, of increased quantities of any product upon which a concession has been granted under a trade agreement, resulting, in whole or in part, from the duty or other customs treatment reflecting such concession, causes or threatens serious import injury to the domestic industry producing either like or directly competitive products, it shall find and declare the extent to which and the time for which—

"'(1) permanent withdrawal of the concession;

"'(2) modification of the concession;

"'(3) suspension of the concession in whole or in part;

"'(4) limitation of the quantity of the product which may be entered, or withdrawn from warehouse for consumption; or

"'(5) any combination of any of the foregoing;

is necessary in order to prevent or remedy such injury or threat thereof. Such finding and declaration shall be embodied in a plan for the taking effect of the action so found and declared to be necessary in order to prevent or remedy such injury or threat thereof, which plan (bearing an identifying number) shall be transmitted by the Tariff Commission to the Congress. The delivery to both Houses shall be on the same day and shall be made to each House while it is in session.

"'(d) Without excluding other factors of import injury, the Commission shall consider any of the following factors as constituting import injury with respect to a domestic article when caused or threatened to be caused, in whole or in part, by the importation of competitive imported articles:

"'(1) Unemployment, layoffs, or curtailment of workweek;

"'(2) Reduction in actual or relative wages, including reduction of "fringe benefits" enjoyed in lieu of wages;

"'(3) Decline in prices or sales;

"'(4) Rising inventory;

"'(5) Decline in profits of, or operation at a loss by, the manufacturer, producer, grower, or wholesaler;

"'(6) In the case of an agricultural product, a return to the grower or producer below the established parity price for such product;

"'(7) Decline in flow of investment into plant expansion, new equipment, or other improvements;

"'(8) Decline in proportionate share of the domestic market enjoyed by the domestic article;

"'(9) Increase in the importation of like or directly competitive imported articles accompanied by unused, but available and suitable, capacity to produce, manufacture, or grow domestic articles;

"'(10) Inability to meet promotion, advertising, and customer services provided for a like or directly competitive imported article, to the extent that such inability is due to the lower landed costs of the imported article or to payments from foreign sources not included in the landed cost of the imported article; and

"'(11) In the case of any natural-resource industry or of any industry determined to be essential to the national security by the

National Security Council, a productive capacity of the domestic industry which is less than the peacetime requirements of the domestic market for the article produced or manufactured by the domestic industry, plus a reasonable reserve over and above peacetime requirements for emergency use.

"'(e) Evidence of import injury may show that such injury exists, or is threatened to exist, with respect to domestic articles produced or sold by an entire industry, or produced or sold by any substantial or otherwise readily determinable segment thereof. Where a particular business enterprise is engaged in operations involving more than one such industry, or more than one such segment of a single industry, the Commission shall distinguish or separate the respective operations of such business enterprise for the purpose of determining import injury; and in examining the factors set forth in subsection (d), the domestic industry shall be held to include only those operations that relate directly to the production of the products under investigation.

"'(f) (1) Except as may be otherwise provided under paragraph (3) of this subsection, the provisions of any plan transmitted under subsection (c) of this section shall take effect on the expiration of the first period of 60 calendar days, of continuous session of the Congress, following the date on which the plan is transmitted to it; but only if, between the date of transmittal and the expiration of such 60-day period there has not been passed by either of the two Houses, by the affirmative vote of a majority of the authorized membership of that House, a resolution stating in substance that that House does not favor the plan.

"'(2) For purposes of paragraph (1)—

"'(A) continuity of session shall be considered as broken only by an adjournment of the Congress sine die; but

"'(B) in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain.

"'(3) Any provision of the plan may, under provisions contained in the plan, be made operative at a time later than the date on which the plan shall otherwise take effect.

"'(g) When, as the result of its investigations and hearings under this section, it is the judgment of the Tariff Commission that it is not necessary to take any action with respect to a product, it shall make and transmit to the Congress a report stating its findings and conclusions.

"'(h) As used in this section the term "import injury" means the existence or threat of existence of any materially adverse effect upon industry, agriculture, or labor, or segment thereof, engaged in the production or sale of any domestic article, caused in whole or in part by the importation of any like or directly competitive article.'

"SEC. 6. (a) Subsections (a) and (b) of section 330 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1330), are hereby amended to read as follows:

"'(a) Membership: The United States Tariff Commission (referred to in this title as the "Commission") shall be composed of seven Commissioners appointed by the President by and with the advice and consent of the Senate. No person shall be eligible for appointment as a Commissioner unless he is a citizen of the United States, and, in the judgment of the President, is possessed of qualifications requisite for developing expert knowledge of tariff problems and efficiency in administering the laws administered by the Commission. Not more than four of the Commissioners shall be members of the same political party.

"'(b) Terms of office: The term of office of a Commissioner shall expire 7 years from the expiration of the term for which his predecessor was appointed; except that any Commissioner appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.'

"(b) Notwithstanding section 330 of the Tariff Act of 1930, as amended by subsection (a) of this section—

"(1) existing terms of office shall expire at the time provided therefor by such section 330 as in effect on the day before the date of the enactment of this act;

"(2) the first term of office of the additional Commissioner provided for by subsection (a) of this section shall expire at the close of June 16, 1962; and

"(3) the term of office of the Commissioner appointed to succeed the Commissioner whose term of office expires June 16, 1955, shall expire at the close of June 16, 1961.

"(c) Subsection (d) of such section 330 is hereby repealed.

"SEC. 7. (a) The following provisions of this section are enacted by the Congress:

"(1) As an exercise of the rule-making power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in such House in the case of resolutions (as defined in subsection (b)); and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

"(2) With full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

"(b) For purposes of this section, the term "resolution" means only a resolution of either of the two Houses of Congress, the matter after the resolving clause of which is as follows: "That the ——— does not favor the plan relating to tariff concessions numbered —— transmitted to the Congress by the Tariff Commission on ———, 19—.", the first blank space therein being filled with the name of the resolving House and the other blank spaces therein being appropriately filled; and does not include a resolution which specifies more than one plan.

"(c) A resolution with respect to a plan relating to tariff concessions shall be referred to the Committee on Finance of the Senate or to the Committee on Ways and Means of the House of Representatives by the President of the Senate or by the Speaker of the House of Representatives, as the case may be.

"(d) (1) If the committee to which has been referred a resolution with respect to a plan relating to tariff concessions has not reported it before the expiration of 10 calendar days after its introduction, it shall then (but not before) be in order to move either to discharge the committee from further consideration of such resolution, or to discharge the committee from further consideration of any other resolution with respect to such plan which has been referred to the committee.

"(2) Such motion may be made only by a person favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same plan), and debate thereon shall be limited to not to exceed 1 hour, to be equally divided between those favoring and those opposing the resolution. No amendment to such motion shall be in order, and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

"(3) If the motion to discharge is agreed to or disagreed to, such motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same plan.

"(e) (1) When the committee has reported, or has been discharged from further consideration of, a resolution with respect to a plan relating to tariff concessions, it shall at any time thereafter be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of such resolution. Such motion shall be highly privileged and shall not be debatable. No amendment to such motion shall be in order and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

"(2) Debate on the resolution shall be limited to not to exceed 10 hours, which shall be equally divided between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order, and it shall not be in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

"(f) (1) All motions to postpone, made with respect to the discharge from committee, or the consideration of, a resolution with respect to a plan relating to tariff concessions, and all motions to proceed to the consideration of other business, shall be decided without debate.

"(2) All appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to a plan relating to tariff concessions shall be decided without debate.

"SEC. 8. (a) The amendment made by section 5 (a) of this act shall apply with respect to reports made under section 3 (a) of the Trade Agreements Extension Act of 1951 after the date on which this act, is enacted.

"(b) The amendments made by subsections (b) and (c) of section 5 of this act shall take effect on the day on which this act is enacted and shall apply with respect to any investigation with respect to which, before such date, the President has neither (1) taken action under section 7 (c) of the Trade Agreements Extension Act of 1951, nor (2) submitted a report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate in accordance with such section 7 (c).

"(c) Section 7 of this act shall take effect on the day on which this act is enacted."

Amend the title so as to read: "An act to extent the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, to establish an improved escape clause procedure, and for other purposes."

The statement presented by Mr. WATKINS is as follows:

STATEMENT BY SENATOR WATKINS

Several decades ago when changes were needed in our tariff laws the Congress, under its constitutional authority "to lay and collect taxes, duties, imports, and excises," almost did the job unassisted by the executive branch of the Government. In those days, the House Ways and Means Committee generally assembled in Washington several months in advance of the convening of the Congress. It divided itself into subcommittees which held hearings and prepared the applicable provisions of the bill on different portions of the tariff problem. Once the full committee had acted upon the bill, which sometimes was discussed in the majority party caucus, it went directly to the House of Representatives where it was likely to be the most important matter before the House that session.

The measure, formally having passed the House, was then transmitted to the Senate, where, in all probability the Finance Committee had been conducting hearings simultaneously with the House Ways and Means

Committee. The Senate in those days generally introduced such extensive changes that for all intent and purpose it amounted to a new measure. Invariably, therefore, detailed commodity tariff legislation was written in conference, where compromise generally produced a measure that would pass both Houses.

As the economy grew and developed, it likewise produced a vast number of complex problems of interest with multifarious ramifications involving thousands of economic interest groups. Thus our complex society, as we are only too well aware, has been productive of an ever-increasing volume of legislative concern for the Congress. Limitations of time and the complexity of certain aspects of this legislative concern have necessarily forced the Congress to delegate some of its responsibilities to the executive branch of the Government. Tariffmaking, the subject matter of which involves schedules covering thousands upon thousands of products, was one such activity which, over a period of time, has progressively passed by delegation to the executive.

Exclusive tariffmaking by the Congress was plainly no longer tolerable by the time of the First World War, and, in 1916, the Congress created the United States Tariff Commission to assist the Congress. At that time the Commission's activities were limited to the continuous investigation of all economic matters which had a bearing upon tariff policy, and the reporting of its findings to the President and the Congress; it had no independent authority to make changes in the tariff laws or in their administration.

The Tariff Acts of 1922 and 1930, however, give the United States Tariff Commission the authorization to investigate cost of production differences between domestic and foreign products and required it to recommend to the President, on the basis of its findings, specific increases or decreases in the appropriate tariff rates. The President, in turn, was given authority to readjust tariff rates either up or down within a range of 50 percent. The effect of these two acts was to provide the United States for the first time with a flexible tariff policy which enabled cost differentials between domestic and foreign production to be adjusted without awaiting the necessarily slow and very uncertain results of congressional attention and detailed legislation.

With the passage of the Reciprocal Trade Agreement Act in 1934, the Congress began the gradual disintegration of its control, except in theory, over the tariff-making procedure. The United States Tariff Commission in effect has been reduced to a Presidental staff agency in the purest sense of the word "staff" for its administrative history indicates that it serves mainly as an informative and advisory agency, an agency whose recommendations are seldom followed. By 1945, trade agreements were in operation between the United States and 28 countries. The result of these agreements by 1945 was that the general tariff level had been reduced almost to that prevailing under the so-called Underwood "low-tariff" act of 1913. More recent extensions as you are aware have given the President added authority to reduce tariff rates still further.

Simultaneously with vigorous activity on the part of the executive in developing the trade-agreements program there arose a growing volume of protest from certain segments of American industry. The complaints have charged that such negotiated agreements contained tariff and other concessions which resulted not only in American producers losing domestic markets but also in the demise of American industries. And as the years have gone by this conflict has grown and magnified, producing in its wake voluminous but conflicting opinions and literature on the subject of trade agreements.

As I indicated in my remarks to the Senate on January 26, 1954, I am in general agreement with that portion of President Eisenhower's statement in his special message on foreign economic policy to the effect that all nations should mutually undertake the lowering of unjustified barriers to trade "on a mutual basis so that the benefits can be shared by all." But, as I said on that occasion, the "all" must include those domestic industries which are operating in the face of ruinous and disadvantageous competitive conditions with foreign imports. I firmly believe that an American trade policy must embody those features that will work toward the enlargement of international trade but in a manner consistent with maintaining a sound domestic economy.

Our experience to date, however, seems to indicate that certain revisions in the trade-agreements program are necessary if these two objectives are to be realized. It is evident, I believe, that the Congress return to itself a larger share of the direct responsibility for tariff-making policy in those areas of intense conflict which has been generated by the trade-agreements program. The pendulum of tariff-making authority has simply swung too far toward the expediency of administrative negotiation and execution by the executive branch. It has swung so far in fact that it would cause a reasonably prudent person to conclude, I am sure, that the Congress de facto has completely abdicated its constitutional authority in this field.

An analysis of escape-clause applications and their administrative disposal will make this quite clear. The escape clause, as you undoubtedly know, was not an original part of the Reciprocal Trade Agreements Act. Rather, it was the product of extensive liberality in granting tariff and other concessions by the executive branch under the trade-agreements program and the result of increasing protest by American industries adversely affected by excessive imports. The function of the escape clause is, of course, to compromise the conflict which arises between the need and desirability of freer international trade and the need for protecting defense and certain other industries fundamental to the economies of certain sections of the United States, the customs and traditions of our people, and for maintaining safeguards which protect wages, industry, and agriculture.

The early trade agreements negotiated under the Reciprocal Trade Agreements Act of 1934 contained no general means of providing realistic relief if a particular concession proved unexpectedly injurious to a domestic industry. Although escape clauses had been contained in bilateral trade agreements since 1941 and in the General Agreement on Tariffs and Trade since 1947, it remained for the Congress, because of the difficulty of foreseeing the contingencies that might arise, to make the inclusion of an escape clause in new trade agreements a statutory requirement. This was accomplished in 1951 by the passage of the Trade Agreements Extension Act.

The facts, however, indicate that the executive branch of the Federal Government and the United States Tariff Commission have not in general interpreted and administered the escape-clause provisions as the Congress so intended. First, let us examine the role of the Commission in this matter. In making recommendations to the President on applications for relief, it is interesting to note that of 56 applications, which were filed during the period 1948–54, the Commission recommended relief in only 12 instances, all but 2 of which involved only products of minor importance.

These 12 favorable recommendations were made with respect to—

1. Women's fur, felt hats, and hat bodies (unanimous, September 25, 1950).
2. Hatters' fur (unanimous, November 9, 1951).
3. Garlic (4 to 2, June 6, 1952).
4. Watches, movements, and parts (first investigation, 4 to 2, June 14, 1952).
5. Dried figs (unanimous, July 24, 1952).
6. Tobacco pipes and bowls (unanimous, December 22, 1952).
7. Screen-printed silk scarves (unanimous, April 13, 1953).
8. Scissors and shears (4 to 2, March 12, 1954).
9. Groundfish fillets (second investigation, 3 to 2, May 7, 1954).
10. Watches, movements, and parts (second investigation, 4 to 2, May 21, 1954).
11. Lead and zinc (unanimous, May 21, 1954).
12. Alsike clover seed (unanimous, May 21, 1954).

Rather an unimpressive list, is it not? But why only 12 favorable applications? In part, because the Congress has failed to establish definite criteria for the Commission to follow in arriving at decisions. But primarily it is because the Commission in considering the effect of increased imports on production, profits, and employment has consistently held that an industry is deemed to include, for purposes of escape-clause relief, all the operations of the constituent firm making the application, rather than only those operations that are directly related to the production of the product identified in the escape-clause application.

This interpretation has directly served to nullify the intent of the Congress to give needed tariff relief. Representative CLEVELAND M. BAILEY, of West Virginia, the author of the escape clause contained in the Trade Agreements Extension Act of 1951, made this very clear in a speech delivered to the House of Representatives on May 26, 1954. This speech, which was entitled "Tariff Commission Interpretation of Domestic Industry Nullifies Escape Clause in Trade Agreements Extension Act of 1951," is worthy of the attention of every Member of the Senate, and I ask, Mr. President, that it be printed in the RECORD at this point in my remarks. (See exhibit I.)

Now, let us examine for a moment the role the President has played in acting upon favorable recommendations of the United States Tariff Commission. How close has the President followed what we must presume to be the expert recommendations of the Tariff Commission? Of the 12 favorable Commission recommendations I named a few moments ago, you will observe the following:

1. Seven were unanimous decisions and included—
   (a) Women's fur felt hats and hat bodies.
   (b) Hatter's fur.
   (c) Dried figs.
   (d) Tobacco pipes and bowls.
   (e) Screen-printed silk scarves.
   (f) Lead and zinc.
   (g) Alsike clover seed.
2. Four were 4-to-2 decisions and included—
   (a) Garlic.
   (b) Watches, movements, and parts (first investigation).
   (c) Watches, movements, and parts (second investigation).
   (d) Scissors and shears.
3. One was a 3 to 2 decision and was made with respect to Groundfish fillets.

In only five instances did the President follow the recommendations of the United States Tariff Commission. These five favorable actions by the President involved the following:

1. Four products which the Commission unanimously believed needed relief. They included—
   (a) Women's fur felt hats and hat bodies.
   (b) Hatter's fur.
   (c) Dried figs.
   (d) Alsike clover seed.

2. The other product—watches, movements, and parts (second investigation)—involved a favorable recommendation decided by a 4 to 2 vote of the Commission.

In these other cases the President refused to grant relief even though by unanimous vote the Tariff Commission had recommended such action. These included—

(1) Tobacco pipes and bowls.

(2) Screen printed silk scarves.

(3) Lead and zinc.

Likewise, he refused relief with respect to three 4 to 2 decisions and one 3 to 2 recommendation, which respectively involved—

(1) Garlic.

(2) Watches, movements, and parts (first investigation).

(3) Scissors and shears.

(4) Groundfish fillets (second investigation).

In these cases, despite the recommendation of the Tariff Commission, an expert body, the President held to the contrary that serious injury to the domestic industry had not been established to his satisfaction.

It is absolutely useless for the Congress of the United States to create an expert body that is largely investigational in nature and designed to lead to expert recommendation for administrative action in areas where it has delegated to the executive branch extensive authority, as it has done with respect to trade and tariff matters. I believe, Mr. President, that where such delegations have consistently been abused and congressional intent evaded and nullified, the Congress should take necessary steps to correct the situation.

A typical case in which the devastating effect of delegating too much authority to Executive discretion is readily apparent, concerning the escape clause in trade agreements, is well illustrated by the Screen Printed Silk Scarves case, an instance in which the President refused to act favorably on a unanimous recommendation of the Commission. The original application for investigation was filed on April 14, 1952; the hearing date was set for February 24, 1953—nearly 10 months later. The Tariff Commission rendered its decision on April 13, 1953, and recommended to the President that tariff rates be increased to 65 cents. Three months later on June 10, 1953, the President asked the Commission to restudy the case. Fourteen months later on August 6, 1954, the Commission sent to the President a second unanimous recommendation for relief. Yet on December 23, 1954, the President, in spite of two unanimous recommendations for relief, held in denying the industry relief that he could find no basis of injury.

There is no doubt in my mind why the President of the United States could not find a "basis of injury." The reason he couldn't is because by the time he rendered his final denial there was no screen printed silk scarf industry in the United States. The delay of 2 years and 4 months from the date of the original application to that upon which the Tariff Commission made its second favorable recommendation saw 11 of the 13 domestic producers of screen painted silk scarves go out of business. The other two domestic producers "went to the wall" in the 5½ months between the date of the Commission's second recommendation and the President's denial of relief in which he contended that he could find no basis of injury.

These are sobering facts indeed. It is quite evident, I submit, that the pendulum of responsibility for escape clause actions must swing toward greater control by the Congress. This is a portion of its constitutional authority which it must recall from the executive branch. But I want to make it just as clear, for reasons I discussed at the beginning of my remarks, that we cannot, with respect to the general responsibility for negotiating trade and tariff matters, return to the cumbersome and slow procedure which saw the Congress try to write detailed tariff legislation.

EXHIBIT I

TARIFF COMMISSION INTERPRETATION OF "DOMESTIC INDUSTRY" NULLIFIES ESCAPE CLAUSE IN TRADE AGREEMENTS EXTENSION ACT OF 1951

(Speech of Hon. CLEVELAND M. BAILEY, of West Virginia, in the House of Representatives, Wednesday, May 26, 1954)

Mr. BAILEY. Mr. Speaker, once more I feel compelled to call the attention of my colleagues to the grave situation of many of our Nation's domestic industries that are threatened by increasing and unrestricted imports of foreign goods.

Our reciprocal trade policy, in effect since 1934, has never had a test of operating under peacetime conditions. Emergencies like the depression of the thirties, World War II, and later the Korean situation, have tended to lessen the ill affects of our trade policy on many of our industries. We all know that war and the preparation for war is not a normal American situation. We also know how these periods of mobilization for defense affect our economy for the period of emergency.

We are now face to face with realities. We know that under peacetime conditions, that such slogan as "More trade and less aid" can mean only the economic devastation of large areas in our country, while our domestic industries cannot compete with unrestricted imports manufactured under lower standards of wages and living conditions than we have in our American industries.

The Congress created the United States Tariff Commission in order to rid itself of the details of our trade policies. Since delegating its authority to the Tariff Commission, it has found it necessary to write into the Trade Agreements Act, the well-known peril-point and escape-clause provision.

In my opinion, the Tariff Commission is violating the spirit and letter of the escape clause in the Trade Agreements Act.

The Commission is asking companies seeking relief for a specified product under sections 6 and 7 of the Trade Agreements Act to furnish information about their production and profits on other products and all phases of their business operations, including those not related to the product for which relief is sought.

The Commission is using the information about other products and the overall activities of the concerns to decide whether the production of a given product has been injured by imports and whether the petition for relief should be granted or denied.

This attitude on the part of the Commission, or perhaps I should say, some members of the Commission, can nullify for all practical purposes the escape-clause provision. The majority of the companies making a product adversely affected by competitive imports also make other products, and have other business activities than those for the product for which relief is sought. If the definition of a domestic industry is to be expanded to cover all the activities of concerns making a particular product, the escape clause, for all intents and purposes, goes out the proverbial window. For example, if the production of pins is being injured by imports, relief is denied because the companies are making a profit on plumbing hardware.

The whole matter is brought into focus in a case—No. 28—involving the straight-pin industry. There is a similar case involving the safety-pin industry but, for the sake of simplicity, I will discuss only the straight-pin application.

The straight-pin manufacturers—eight firms—filed on September 23, 1953, an application for an investigation under sections 6 and 7 of the Trade Agreements Act of 1951 with respect to straight pins.

However, the application did not furnish information about the business of the companies involved other than that relating to straight pins. Under part 207 of the Commission's rules of practice and procedure, the information as to products made and business activities other than those affecting the commodity for which relief is sought is asked for by the Commission.

The applicants did not file information concerning their production and profits on products other than straight pins, contending such information was not relevant or material to the ordered investigation of the straight-pin industry. They said the straight-pin industry would furnish the extraneous data only if it were required by subpena.

The Commission decided to institute the investigation—No. 28—but the absence of information on other products such as plumbing hardware was noted by the Commission Secretary, Donn N. Bent. He commented:

"Such information is considered by the Commission to be pertinent to investigations under section 7 of the Trade Agreements Extension Act of 1951, as amended, and will be called for in the course of the investigation with respect to straight pins."

On March 25, 1954, the Tariff Commission held a public hearing in its investigation No. 28 of the straight-pin industry. At the opening of the session, Commissioner McGill referred to the fact that the industry had not furnished all the information it requires under its rules of procedure. He said that he and Commissioners Ryder and Edminster felt that the straight-pin industry had wilfully refused to volunteer the data and that, consequently, he and the Commissioners "joining in this statement will be unable to formulate findings on the merits of this investigation." Although the Commission was given complete and detailed information with respect to production, sales, employment, and profits in straight pins, these three Commissioners say they cannot formulate findings without considering plumbing hardware, window chains, and many other unrelated products.

Commissioner McGill added:

"Inasmuch as it is obvious that the applicants did not intend to furnish the desired information voluntarily, we are of the opinion that the investigation should be terminated forthwith and that the Commission should immediately issue a report thereon, without formal findings, explaining the reasons for the termination of the investigation."

What this amounts to is that 3 Commissioners of the 6 on the Tariff Commission have decided against the straight-pin industry before hearing the case. They announced their decision before even hearing the arguments of applicants. I think this is a very high-handed and arbitrary procedure. Particularly do I think so since I think the law and every fact in the case justified the refusal of the straight-pin industry to supply information other than that relating to the product in question.

As I see it, the Commission has no business considering data other than that relating to straight pins. As one of the attorneys in the case put it:

"By no stretch of the imagination could it be contended that the inquiry should extend into the manufacture of plumbing hardware with respect to these points, simply because the manufacturer of pins also happens to make plumbing hardware in some other division of its corporate organization, and it is no more logical to extend the inquiry into the sales and profits of the applicants arising from their production of other products."

It is obvious I think that data on the overall activities of the concerns making

straight pins is desired for one object and one object only—for its bearing on the decision in the straight pin case and in order to reject an otherwise meritorious case on the relevant and material straight pin facts. Otherwise, why, does the Commission ask for it?

The bicycle case, decided in 1952 by the Commission, clearly shows that the Commission considered the overall status of the domestic concerns making bicycles and their production of unrelated products in finding that bicycles and bicycle parts were not being imported into this country in sufficient quantity as to cause or threaten to cause serious injury to the domestic industry. For example, in its statement of considerations bearing on findings and conclusion, the Commission said:

"Most of the domestic bicycle producers manufacture various products in addition to bicycles and the importance of bicycle manufacture in their total operations varies widely. * * * Products manufactured by bicycle manufacturers in addition to bicycles and bicycle parts include other children's wheel goods, power lawn mowers, exhaust fans, and various defense products. * * *

"The reported profits on total operations, expressed as a percentage of total sales, followed the same trend as profits on sales of bicycles and parts but averaged somewhat higher."

Here the higher profits made on products other than bicycles was used as an important factor in denying relief to bicycles. To contend that such a construction of the words "domestic industry" was in the intent of Congress is utterly absurd. It would make the escape clause meaningless to most products suffering from imports.

The split within the Commission over requiring the concerns seeking relief from imports on one product to file material on all their business operations on other products is most sharply shown in the dissent by Commissioner Brossard in the wood screw case. Here the Commission decided that the imports of wood screws were not sufficient to warrant relief for the domestic industry. Commissioner Brossard said:

"Were this phrase, 'domestic industry,' to be interpreted as including the profits of all other products such as rivets, hand tools, and builders' hardware, that might be produced by the same concerns that produce wood screws, as long as the companies, though losing money on wood screws of iron or steel, were making such other products at a profit and the company was making an overall profit, or could find some other alternative products to produce, other than wood screws, that would show an overall profit, few claims of injury would be allowed as a result of escape-clause investigations. Under such an interpretation, a great part of domestic production, article by article, might be forced to a stop by the destructive competition of imports and, if the manufacturing companies turned to importing and made good profits at it, they would be adjudged to be uninjured as a 'domestic industry.' Such an interpretation of this 'domestic industry' phrase in the escape-clause law would practically nullify the escape-clause provision in trade agreements as a possible remedy of serious injury, and in effect would almost, if not entirely, void the escape-clause provisions of the Trade Agreements Extension Act."

The specific issue comes down to the definition of the phrase, "domestic industry," in sections 6 and 7 of the Trade Agreements Extension Act, as amended. The legislative history of the Trade Agreements Act and other tariff legislation clearly shows that the manufacturers of straight pins constitute a domestic industry.

I have carefully studied the arguments of the attorneys for the straight pin applicants concerning the congressional intent and I agree with them fully. For the benefit of my colleagues, I ask to have them printed in the RECORD at this point:

"CONGRESSIONAL INTENT OF INJURY TO THE DOMESTIC INDUSTRY PRODUCING LIKE OR DIRECTLY COMPETITIVE PRODUCTS (STRAIGHT PINS) AS USED IN THE ESCAPE CLAUSE (SECS. 6 AND 7) OF THE TRADE AGREEMENTS EXTENSION ACT OF 1951

"(Extracts from Tariff Commission hearing record (March 25, 1954), in investigation No. 28 of the domestic straight pin industry)

"(Statements of: Alexander M. Heron, attorney for applicants; Congressman Cleveland Bailey, author of the escape clause; John Breckinridge, attorney for applicants; Commissioner George McGill, opening statement of hearing on behalf of himself and Commissioners Ryder and Edminster.)

"(The opening statement of Commissioner McGill on behalf of himself and Commissioners Ryder and Edminster appears at the end of these extracts from the record.)

"*Statement of Alexander M. Heron, of the firm of Pope, Ballard & Loos, Washington, D. C., counsel to the applicant*

"Mr. HERON. The investigation here revolves about the effect of increase in imports of straight or common pins in causing or threatening to cause a serious injury to the domestic industry of producing straight pins. The applicants manufacture 100 percent of the straight pins produced in the United States. In the questionnaire which was sent to the applicants, information was requested with respect to annual sales by the applicant of all other products. Detailed information was requested with respect to the sales and profits of applicants in connection with the manufacture of lines of products other than straight pins. All of the applicants in this proceeding manufacture products other than straight pins, with one exception. Witnesses who will testify in the hearing shortly will explain in detail what those other products are. It is the position of the applicants here that the domestic industry of producing straight pins consists of the labor, the management, and the capital devoted to the production of those pins. The evidence in the hearing will disclose that the manufacture of straight pins involves the use of labor and machinery which is not interchangeable with any other product manufactured by the applicants.

"In other words, the machinery and equipment which is used for this purpose is not subject to being used for any other purpose by the applicants. Labor which is employed in the manufacture of straight pins can't be used interchangeably by the applicants in the manufacture of other products by them.

"Now the correspondence which has occurred previously with the Commission secretary states at an earlier stage the applicants' position. On January 15 of 1953 the applicants, through their counsel, wrote to the Commission as follows:

" 'We have your letter of December 31, 1952, concerning the above-named application'—and those were the applications which were later withdrawn—'and we regret very much that the Commission has decided to ignore the application on the ground that it "fails substantially to furnish information called for" and is "not properly filed" under the Commission's Rules of Practice and Procedure.

" 'After a careful review of sections 6 and 7 of the Trade Agreements Extension Act of 1951 (under which this investigation was requested) and after a careful review of the Commission's rules, the applicants are confident that their application, as filed, did include all of the information properly required by the Commission's rules. More specifically, the applicants strongly feel that their application was "properly filed" within the meaning of procedural section 7 (a) of the Trade Agreements Extension Act of 1951, the pertinent part of which commands that: "* * * upon application of any interested party, the United States Tariff Commission shall promptly make an investigation and make a report thereon * * *."

" 'The applicants feel that their application was "properly filed" within the meaning of this mandate of Congress and that the action of the Commission in deciding to ignore the application "as not property filed" was improper and not authorized by the statute.

" 'Even though section 7 was designed and intended by Congress to set up the Commission's procedure under escape-clause investigations and even though the applicants are convinced that the Commission's rules cannot modify this congressional mandate that the Commission shall promptly make an investigation, they wish to state that in their considered opinion their application was properly filed even within the would-be terms and provisions of the Commission's rules.

" 'The application did submit all of the information required by such rules. Subparagraphs (a), (b), (c), and (d) of section 207.3 attempt to indicate the type of information which shall or must be included in an application and a review of the application will show that all such information was included therein. Your letter does not question this fact.

" 'You cite subparagraph (e) of section 207.3 of the rules as indicating the type of information called for but which was not included in the application and you enclose a table indicating the desired additional information. A review of this subparagraph (e) will show that it only states that the additional information indicated therein and the information indicated on the table enclosed with your letter should also be furnished with an application, to the extent that it is readily available to the applicant.

" 'Thus, it is apparent that even the Commission's rules do not require that this information must be submitted with the application. Some of such additional information was included in the application and the balance of it was not and is not readily available to the applicants. Also such information could not possibly be put together in comparable and understandable form by the individual applicants prior to February 2 as required by the Commission's action. The application clearly indicated that such additional information was not readily available to the applicants but that it would be made available to Commission representatives by each individual applicant during the course of the investigation.

" 'Furthermore, the applicants do not consider the information requested with respect to their production of other commodities as proper to be submitted to or even considered by the Commission within the terms or intent of sections 6 and 7. The applicants have not requested an investigation concerning any of the products they produce other than safety pins. Consequently, they do not consider it appropriate to submit to the Commission information concerning their operations with respect to such other commodities (which differ from applicant to applicant). They consider themselves as representative of 100 percent of the domestic industry producing safety pins which are like and directly competitive with imported safety pins within the meaning of sections 6 and 7. As to their production of other products, which varies from company to company, they do not consider themselves as constituting a domestic industry within the meaning of said statute. Consequently, each individual applicant does not consider any information with respect to their production of other products as being material or relevant to the issue involved in the requested investigation. They also feel that it

would be improper for the Tariff Commission even to consider any such information. They feel that the sole question involved in a section 7 investigation would be the effect of imported safety pins upon the American producers, capital, and laborers employed in the production of safety pins, without regard to other income they might have or other products they might produce.

" 'In view of these basic differences in interpretation of sections 6 and 7 and concerning the propriety of the Commission's rules to such extent as they may differ from the statute, the application is hereby withdarwn in accordance with rule 201.8 (d).

" 'In view of section 201.10 of the Commission's rules concerning public notices and since the Commission does not consider this application as properly filed, it is assumed that the Commission has made no public notice of the receipt of this application and that its contents have not been discussed with any parties outside of the Commission. Since there is to be no investigation, the applicants are extremely anxious that the information contained in the application be kept strictly confidential. Consequently, it is hereby requested that all copies of the application be returned until such time as the applicants may decide to reapply for an investigation.

" 'Within a few days, the undersigned will drop by your office to pick up the application. Very truly yours, John Breckinridge, attorney for DeLong Hook & Eye Co.'

"Commissioner TALBOT. What is the date of that letter?

"Mr. HERON. That letter, sir, is January 15, 1953.

"Now, a subsequent letter which followed the institution of the present investigation is dated October 31, 1953, addressed to the Commission Secretary:

" 'DEAR MR. BENT: We thank you for your letters of September 25 and October 30, 1953, advising that the Commission has, under sections 6 and 7 of the Trade Agreements Extension Act of 1951, instituted Investigation No. 28 with respect to the straight (common) pin industry and Investigation No. 29 with respect to the safety pin industry. We acknowledge also the copies of the public notices of these investigations issued by the Commission.

" 'The applicants are gratified that the Commission has instituted these two investigations. We are instructed to inform the Commission that the applicants will submit to the Commission or make available to its reperesentatives any requested information in their possession, concerning imports or their domestic employment, production, costs, sales, and profits with respect to straight pins or safety pins, the two commodities with which the announced investigations deal. All books and records of each applicant dealing directly with these two commodities (or indirectly to such extent as necessary for allocation of overhead costs or similar items) will be made available for inspection to any authorized representative of the Commission.

" 'Your letters of September 25 and October 30 comment upon the area and character of evidence to be called for and considered in connection with each investigation.

" 'As indicated in our letter of January 15, 1953, it is our view that to such extent as the information indicated as desirable in paragraphs (2), (3), and (5) of section 207.3 (e) of the Commission's Rules of Practice and procedure, and referred to in your letters, relates to the production or sales of commodities other than straight pins or safety pins, or to other sources of income, it is not material or relevant to the investigation of the straight pin industry or the investigation of the safety pin industry within the meaning of sections 6 and 7 of the Trade Agreements Extension Act of 1951. The applicants have not requested nor has the Commission ordered an investigation of the effect of imports upon applicants' production or sales of commodities other than straight pins or safety pins. Applicants do not presently claim that their profits from production of other commodities or that their income from other sources are being adversely threatened by imports.

" 'It is our position that an applicant's production of other commodities or its income from other sources does not constitute a part of the domestic industry producing straight pins or a part of the domestic industry producing safety pins. Also, it is our position that applicants producing straight pins only are not a part of the domestic industry producing safety pins and that the applicants producing safety pins only are not a part of the domestic industry producing straight pins. The two are separate and distinct industries and must stand on their own merits or demerits.

" 'In past instances, as indicated by your letter, members of the Commission have taken a view different from that to which we subscribe, but this action on the part of the Commission has not been unanimous. We wish to earnestly urge upon the Commission a further consideration of all of the factors involved in this question. For this reason, we shall not voluntarily supply information beyond the boundaries indicated herein. We hope that upon consideration the Commission will uphold our view. However, if the Commission concludes that a subpena on subpenas are to be issued to compel the production of this data, we shall promptly comply with such order.

" 'We wish to again emphasize the fact that all of the applicants, in each case, desire to cooperate fully with the Commission and its staff in supplying any and all requested information from their records dealing directly with their production and sales of straight pins or safety pins, as the case may be.

" 'In order to facilitate their full cooperation, the applicants would like to suggest an informal conference at the Commission at the earliest convenient time. It is felt that such an informal conference would facilitate a determination of the type of information with respect to safety pins and straight pins desired by the Commission and would enable the applicants to make their own preparations for supplying such information as fully and promptly as possible. At such a conference the applicants would also like to discuss the possibility of a change in the hearing dates the Commission has announced.

" 'Very truly yours,

" 'JOHN BRECKINRIDGE.'

"We feel that a statement of our position on this point should be made at this time. Now the question for determination is what Congress in paragraphs 6 and 7, which constitute the escape clause and the formula for its operation, intended. That intent must be drawn from the statute itself, read against the background of legislative history.

"Section 6, which constitutes the substantive portion of the escape clause, provides that no reduction shall be permitted to continue in effect when the product is imported in such quantities as to cause or threaten serious injury to the domestic industry producing like products.

"Section 7 sets up the procedure for administering the provisions of the preceding section. It provides for the institution of investigations and their conduct. It sets up the criteria for the Commission's guidance.

"It sets up the criteria which in their entirety revolve about specific articles being imported and the production and the sale of specific articles in the United States.

"The Commission is told that it shall take into consideration a downward trend in the domestic industry concerned, of production, employment, prices, profits, and wages. No serious contention could be made that the production to which the act refers is any production other than that of the article involved. Likewise, the employment is the employment of personnel engaged in the manufacture of the article involved.

"The prices are the prices of the article under consideration, and wages are the wages of the employees who make the article. The Commission is told to take into consideration a decline in sales; an increase in imports, either actual or relative; a higher or growing inventory or a decline in proportion of the domestic market supplied by the domestic producers.

"By no stretch of the imagination could it be contended that the inquiry should extend into the manufacture of plumbing hardware with respect to these points, simply because the manufacturer of pins also happens to make plumbing hardware in some other division of its corporate organization, and it is no more logical to extend the inquiry into the sales and profits of the applicants arising from their production of other products.

"Such inquiry is no more relevant to the determination of the effect of the importation of straight pins upon domestic producers of safety pins than would be an inquiry into the employment of the husbands and wives, the spouses or members of the families of the employees engaged in the operation of the machinery which produces the safety pins.

"Aside from the minor purposes of raising revenue, tariff acts have represented primarily that degree of protection which Congress concluded should be afforded to the American production of each article or product which was named in the tariff and for which a duty was provided. The terms "domestic industry" and "domestic producers" have been used by Congress in the enactment of tariff legislation for years past. No purpose would be served by quoting dictionary definitions or referring to clarifications made by various administrative branches of the Government in which similar terms are used for different purposes or for their own convenience. These terms have a wide meaning or a narrow meaning. The question here is what did Congress intend when it used these terms in tariff legislation.

"In 1921 the Emergency Tariff Act was passed. House Report No. 1 of the 67th Congress, 1st session, on this bill, which is H. R. 2435, declared the purpose of the bill to impose temporary duties on certain agricultural products to meet emergencies and to prevent dumping of foreign merchandise on the markets of the United States. Tariffs were placed on specified agricultural products.

"Title I of the bill stated that it was 'to protect certain farm products.' It was the purpose of the bill and the intention of Congress to protect the American production of the specified articles named in the legislation.

"The benefit to be derived from that protection inured to the farmer, farm labor, and the investment of the farmer, all of which were involved in the production of those specific articles.

"Title II of that same act, the Antidumping Act of 1921, discloses the same purpose, and an intention to protect an industry which is being or which is likely to be injured or is being prevented from being established by the importation of a class or kind of foreign merchandise at a price below market value in the country of origin.

"The Tariff Act of 1922 and its legislative history again reaffirmed that the term industry or industries were used with reference to specifically named articles and specifically named products. The opening portion of that act recites that it is an act to 'regulate commerce with foreign countries, to encourage the industries of the United States.'

"This was followed by a long list of specific articles and commodities which were to be subjected to a specified tariff. Obviously it was the production of the specified articles that Congress determined to encourage. This intention is demonstrated by a statement in the report of the Ways and Means Committee, bottom of page 3 of Report No. 248 of the 67th Congress, 1st session, on H. R. 7456, where it was said with respect to certain exceptions: 'where the committee thought that particular products which represented infant industries or the materials essential to national preparedness have been given slightly increased rates.'

"And then again, the same report at page 18 states:

" 'A wide range of industries is covered by this schedule and a general statement would apply to them all.'

"The schedule to which the reference is made is a long list of individual commodities subjected to specified tariffs. And then the report continues:

" 'In the case of a number of articles, Japanese competition has become important since the beginning of the war.'

"And it is obvious that the competition was with particular products and articles.

"This same committee report goes on to say:

" 'Both straw and fur hats fall within this schedule, and constitute two very important industries.'

"And there is demonstrated the fact that the industry is identified by its product and the producers of one type of hat are a different industry from the producers of another type of hat.

"The intention of Congress to protect American labor producing a product is found in Senate Report No. 595 on the same bill, that is, H. R. 7456. The Senate committee stated:

" 'In the preparation of this measure your committee has endeavored to recommend rates that will afford protection to American industries and permit them to pay wages sufficient to enable our workmen to maintain an American standard of living.'

"On page 11 of that report which covers schedule 3 of metals and manufacturers of metals, the committee said:

" 'A general policy of adjusting rates on raw materials to protect the domestic mining interests without inflicting undue hardship upon the consuming interests was followed throughout the metals schedule.'

"And there you will observe that the mining interests were not considered one industry but that each mining product was considered a separate industry.

"In 1930 a new tariff act was passed, the purpose of which was 'An act to provide revenue, to encourage the industries of the United States, to protect American labor.'

"And the industries to be protected by these were the industries engaged in the production of specified products. The Ways and Means Committee Report No. 77 of the 71st Congress, 1st session, on H. R. 2667, stated:

" 'For the great majority of the articles for which it'—that is, the Tariff Act of 1922—'provided protection, it is still efficient and sufficient.'

"It was through the protection of American production of named articles that industry was to be encouraged.

"In discussing 'reasons for the readjustment,' the committee states:

" 'New products have been added to the list, improved machinery has been adopted both here and abroad, foreign competition has attacked production in new ways and new lines of products are being manufactured, destined primarily for the American market.'

"The concern of Congress over new products and improved machinery attacking domestic production clearly indicates that the product industry and the product named were considered as synonymous. The report continues:

" 'The protective policy does not exclude and it is not intended to exclude foreign products from our markets, but does propose that such products should not come into this country to the detriment of American producers and wage earners.'

"And the producers are management and capital, and the wage earners are the labor engaged in the production of that specified article to which Congress gave its attention and to which it gave a specified tariff.

"In discussing agriculture and industry on page 4 of the report, the committee states:

" 'Industries generally in the United States are in a sound and prosperous condition but there are a number of instances where the foreign competition is being sharply felt. There is a slackening in these (industries), loss of employment, and a number of instances were presented at the hearings showing that enterprises had been abandoned or were in serious straits.'

"That the committee was thinking of each agricultural product as constituting an industry is demonstrated on page 5, where it was said:

" 'Under the Underwood Act of 1913 agricultural products generally were put under three lists. The restoration of these products to a dutiable status where they properly belong by the Tariff Act of 1922 has been of immense advantage to the agricultural industries.'

"Then again on page 9:

" 'This bill is therefore presented as containing the readjustments necessary to give all our industries, all our laborers, and all our people a fair and equal opportunity in our great market and prosperity.'

"In explaining schedule 3, which covered metal and manufacturers of metal, including straight pins, at pages 43 and 44, under the heading 'Electrical Machinery and Apparatus' it was said:

" 'The products of this important group of industries are now dutiable under two paragraphs.'

"And later under the heading 'Surgical and Dental Instruments' the committee said:

" 'These are among the outstanding American industries suffering from foreign competition.'

"In discussing hardware and tools, the committee referred to the whole group of industries producing hardware and tools.

"In 1934 the Trade Agreements Act was passed. The President was authorized to reduce tariffs. The authority thus given constituted an implement of policy, the use of which necessarily had direct repercussions on domestic producers and domestic industry.

"Recognition of this was at once apparent, as is shown by the escape-clause provisions administratively inserted in the trade agreements. That those provisions were insufficient and ineffectual is demonstrated by the peril-point provision in 1948.

"That the purpose of that enactment was solely for the protection of domestic producers is emphasized by the bitter minority report of the Committee on Ways and Means submitted to the 80th Congress, 2d session, report 2009. The report of the Committee on Finance, which was report 1558 in connection with the same bill, noted that there were complaints from widening sources that domestic producers who required protection against injurious competition from imports were not receiving adequate consideration in trade-agreement negotiations. The report emphasizes that the committee was concerned with the injury to domestic producers resulting from the trade-agreements program. The committee's report as to the necessity for the peril-point legislation turns largely about the injuries caused or threatened to domestic labor, capital, and management producing a like or similar article to that imported under the concession of the trade agreement.

"That act required the Commission before the commencement of negotiations for a foreign trade agreement to make an investigation and report to the President with respect to the limit to which a tariff change might be made without causing or threatening serious injury to domestic producers of like or similar articles, and to report further if increases in duties were required to avoid serious injury to domestic producers of like or similar articles.

"Note that in this legislation the term 'domestic producers' is used interchangeably with 'domestic industry.' Note also that the negotiation of the trade agreements is conducted on an article-by-article and a product-by-product basis.

"In 1951 there was enacted the Trade Agreements Extension Act under which this proceeding is now pending. This legislation when originally introduced and amended in the House provided relief not only when the imported article increased in such quantities as to cause or threaten serious injury to a domestic industry, but also provided the same relief when even a segment of such industry was endangered.

"The debates in the House on this act as thus amended emphasized specifically the oil industry, of which a group of independent producers was apparently bearing a heavy burden. Emphasis was also directed toward potato growers in Maine, it appearing that imported potatoes were giving that segment of the potato industry more difficulty than elsewhere.

"In the bill as finally enacted, the reference to a segment of industry was omitted, but the serious consideration given to extending the benefits of the escape clause to groups either territorial or identified by the production of only a part of the product in America emphasizes the intention of Congress that the benefits of this legislation were intended for specific groups, and more particularly for the precise groups to whom the injury occurred as the result of reductions in tariff rates on specific articles.

"This intention is made more emphatic by the debate in the Senate. The report of the debate of May 21, 1951, CONGRESSIONAL RECORD, volume 97, part 4, page 5494, carries the assurance given by Senator GEORGE, chairman of the Finance Committee, to Senator NEELY, and it reads in this fashion:

" 'Mr. NEELY. Will the distinguished Senator from Georgia please turn to section 7, page 2, of the committee report, and from his profound knowledge of the entire complicated subject of reciprocal trade agreements favor us with his opinion of the following: If a pottery or glass factory in West Virginia should be shut down because of irresistable foreign competition, would it be possible under the pending bill if it became a law for the employees as well as the employer to have the Tariff Commission make the investigation required by that circumstance of the case?

" 'Mr. GEORGE. Yes, entirely so, because it is expressly provided in this amendment that the application may be made by any interested party. Then the whole procedure under the escape clause comes into effect.'

"In the same debate a comparison of the cost of the production of sewing machines in this country as against the cost of such machines in Japan was made, and that is in the CONGRESSIONAL RECORD, volume 97, part 4, pages 5501–5502. It was pointed out that the difference in the selling price of the two machines in this country arose solely from the differential in wage rates paid to the employees. The Japanese worker received 90 cents a day, the American worker received $15.50 a day.

"Those debates did not consider the wages of laborer producing plumbing hardware or any other product which the sewing-machine industry might produce. There are some

other sources of interpretation which give some assistance here.

"An examination of the records of the hearings held in connection with the 1930 Tariff Act will disclose the testimony on behalf of the straight pin industry went no further than the manufacture and the sale of that product. The committee didn't consider any other facts in connection with the pin industry. This is the basis upon which our position is predicated here.

"An examination of the testimony offered in those hearings on behalf of other products will disclose that they likewise were limited in a similar manner. From this it can be concluded that the committee considered only the production of specific commodities, the labor, management, and capital involved in the production of those specific commodities. Those are the elements of production Congress intended to protect by the specific tariff.

"Now, the Antidumping Act of 1921 provided that whenever the Secretary of the Treasury found that industry in the United States was being or was likely to be injured, or was being prevented from being established by reason of the importation into this country of foreign merchandise dumped here, he was required to make a finding of dumping. An examination of those findings beginning in 1922 will indicate the construction put upon the term 'an industry' in its administration. The decisions run in this way:

"Treasury Decision 5233, an industry manufacturing glass frostings is being prevented from being established. Treasury Decision 50035, industry manufacturing ribbon fly catchers. Treasury Decision 50034, the industry manufacturing wool knitted berets. Decision 46826, industry manufacturing woven wiring fencing and netting. Decision 46618, the industry of manufacturing rubber-soled fabric-topped footwear. And Decision 46617, the industry of manufacturing incandescent electric light bulbs and lamps. And so they run, each in a very narrow field.

"Section 337 of the Tariff Act of 1930 dealt with unfair methods of competition, unfair acts in importation of articles into the United States, with the effects or tendency to destroy or substantially injure an industry efficiently and economically operated or to prevent the establishment of such an industry. Under that provision a number of proceedings have taken place before the Commission. What has been regarded as an industry is demonstrated by a number of decisions here. The industry of manufacturing slide fasteners was determined to be such an industry. That is section 337, report No. 86, second series of Tariff Commission, 1934.

"The industry of making and selling drive springs was determined to be an industry, section 337, report No. 87 of the second series, Tariff Commission, 1934.

"The industry of making cigar lighters was determined to be an industry, and the report in that case showed that the complainant manufactured numerous other articles including clocks, toiletware, deskware, automobile goods, electrical goods, and general novelties. It is in section 337, report No. 72, of the second series.

"The industry of making collable metal rules and holders was determined to be such an industry in the United States, section 337, report No. 106, second series, United States Tariff Commission.

"In the Collable Metal Rules case the transcript shows testimony to the effect that the complainant was the largest maker of hand tools in the United States. The report does not indicate that any attention was given to the relation between complainant's manufacture of collable rules and the obviously extensive volume of its own business.

"The decision gives no indication that the production of other tools had any consideration as a factor in reaching the decision that the petitioner in that case was entitled to relief.

"In a section 337 proceeding in the Court of Customs and Patent Appeals, that court sustained the conclusion reached by the Commission in which the complainant manufacturer appeared to be the only member of the domestic industry whose production and cost data was examined. That is the Northern Pigment Co. case in 71 Federal (2d) 447.

"The meaning of the term "industry" as used by the Court of Customs and Patent Appeals in that case is that of a product industry.

"Now, in investigation No. 22, under section 7 of the Trade Agreements Extension Act of 1951 there was involved the importation of handblown glassware. This Commission agreed unanimously that machine-made ware was not like or directly competitive with the imported ware under consideration, and as a consequence the machine-made glassware was not the domestic industry producing like or directly competitive articles.

"And with respect to the profits, it was pointed out in 1 of the 2 recommendations to the President that if the profits derived from kindred industries, in that case the glass-container industry, were to be combined with the profits from the production of the article under consideration, the escape-clause provision would be nullified for all practical purposes.

"It was pointed out that the producers of chemicals would probably never have the advantage of the escape clause if profits of producers of all chemicals were to be considered on the application of the producer of one chemical.

"Now if the Commission pleases, that covers the underlying basis of the position which we have taken here.

"Secretary BENT. Mr. Chairman, I understand that Congressman BAILEY is present and wishes to make a statement.

"Chairman BROSSARD. We will be glad to have your statement, Mr. BAILEY, if you desire to make it now.

"Mr. BRECKINRIDGE. Mr. Chairman, we asked Congressman BAILEY to appear for a specific reason, and if the Commission please, I would like to have the Congressman sworn.

"Commissioner MCGILL. That is not required.

"Chairman BROSSARD. We don't require Congressmen to be sworn unless he is your witness and you insist on it, why we wouldn't insist on it.

"Commissioner MCGILL. As far as any statement he makes, he is under oath the same as we are.

"Chairman BROSSARD. I think we can take his statement as being the equivalent of being under oath, since he is a Congressman of the United States.

"Statement of the Honorable Cleveland M. Bailey, Representative from the Third District of West Virginia

"Mr. BAILEY. May I say to the Commission that I have no formal statement. I was supposed to answer some questions, clarifying questions, and I am ready to be cross-examined.

"Mr. BRECKINRIDGE. Congressman BAILEY, have you heard the discussion of the escape clause that has taken place here this morning?

"Mr. BAILEY. A portion of it.

"Mr. BRECKINRIDGE. Are you familiar with the escape-clause provisions of the Trade Agreement Extension Act of 1951?

"Mr. BAILEY. Yes.

"Mr. BRECKINRIDGE. How did you become familiar with those provisions?

"Mr. BAILEY. I happen to be a Member of the 82d Congress in the 1st session. I am the author of the present escape clause as contained in sections 6 and 7 of Public Law 50.

"Might I add there, Mr. Breckinridge, that the escape clause came in the form of a substitute motion for an escape-clause plan submitted by Congressman CURTIS of Nebraska. It was accepted by Mr. CURTIS as a substitute for his proposed amendment and adopted by the Congress.

"Mr. BRECKINRIDGE. Was Congressman CURTIS' amendment ever voted on?

"Mr. BAILEY. It was not.

"Mr. BRECKINRIDGE. And he personally accepted your amendment?

"Mr. BAILEY. The RECORD will so disclose.

"Mr. BRECKINRIDGE. Did you draft the escape provision that was eventually adopted and passed by the House?

"Mr. BAILEY. I did.

"Mr. BRECKINRIDGE. Did you use in that draft the words 'injury to domestic industry producing like or directly competitive products'?

"Mr. BAILEY. I did.

"Mr. BRECKINRIDGE. What did you have in mind in your use of 'domestic industry'?

"Mr. BAILEY. Let me answer that question by saying that my district is one that produces a large amount of pottery products, glassware, clothespins. I had in mind in my reference to domestic industry there the jobs of the men employed in the plants, the welfare of the management, including adequate profits, because everyone realizes that the only way you can have continual employment is to have profits for management.

"Mr. BRECKINRIDGE. Were you concerned about that because those industries were actually experiencing difficulty with imports?

"Mr. BAILEY. I was, and may I add, Mr. Breckinridge, that we are still experiencing those injuries. I visited my home State, Saturday last, and due to the operations of your Reciprocal Trade Agreement Act, in major part, we have 106,200 people on relief in 26 counties in the State of West Virginia.

"Mr. BRECKINRIDGE. What was one particular product that was being imported and that you were concerned about?

"Mr. BAILEY. Well, I mentioned those three. I was also concerned in the independent oil industry, and that is why I included in my draft of the escape clause segments of an industry, because I was thinking of the welfare of the independent oil producers of my State as distinguished between them and the oil cartel which was importing excessive amounts of residual fuel oil and crude oil into the United States.

"Mr. BRECKINRIDGE. By the oil industry, what do you refer to there? Do you mean the corporate organizations engaged in the oil industry or the capital engaged specifically in producing oil?

"Mr. BAILEY. Well, I was thinking of protecting the people who are employed in the independent oil industry and the profits of the independent oil industry. I think it is a well-known fact that three of the major American oil companies, together with the Dutch Shell, are engaged in extensive developments, possibly as much as a million barrels of crude oil a day like Maracaibo in Venezuela.

"I wanted to make sure that my independent oil industry had an opportunity to survive in the face of those floods of imports.

"Mr. BRECKINRIDGE. Mr. Congressman, in the case of spring clothespins, which I understand are produced in your State, were you concerned about that?

"Mr. BAILEY. I was very much so. We have the largest clothespin producing plant in the world in my district.

"Mr. BRECKINRIDGE. In your concern about that industry, were you concerned about the corporate entities who were producing spring clothespins, or were you concerned about the labor specifically employed in producing spring clothespins?

"Mr. BAILEY. I was concerned primarily with the jobs of about 400 employees employed in that plant, and the fact that the company had to make a profit in order to keep those people employed.

"Mr. BRECKINRIDGE. Were you concerned about their income from Government bonds or from other sources or from other production than spring clothespins?

"Mr. BAILEY. I have no knowledge that they had such investments, and I was not concerned in that angle of it whatever. I had in mind protecting the wage levels and the standard of living of the people employed in that plant and continuing work.

"Mr. BRECKINRIDGE. What in your opinion was the understanding of the House of the words 'domestic industry' when they debated and adopted the escape clause containing those words?

"Mr. BAILEY. I think if you will peruse my debate on the floor there, you will understand what the primary object was. It was to protect domestic industries, producers of individual articles who were being harassed, injured, harmed by importation, excessive imports of light products coming from abroad.

"Mr. BRECKINRIDGE. May I put this question to you? If General Motors should buy out the spring clothespin plant, in your opinion would they be part of the industry producing spring clothespins?

"Mr. BAILEY. I should not so consider.

"Mr. BRECKINRIDGE. That is all, Mr. Chairman.

"Chairman BROSSARD. Mr. Breckinridge, do you desire to make an opening statement as counsellor or do you want to be sworn?

"Mr. BRECKINRIDGE. I would like to make partially a statement as counsel and partially as a witness, sir, and I would prefer to be sworn.

"Chairman BROSSARD. You had better be sworn.

"Testimony of John Breckinridge, representing the straight pin industry (having been duly sworn by Secretary Bent)

"Mr. BRECKINRIDGE. Mr. Chairman, first I would like to make it entirely clear on the record that the position of the applicants has consistently been one not of lack of cooperation nor a desire not to give the Commission anything that is necessary to the investigation and a proper decision in the investigation, but they have, as I think they are entitled to, their opinion of what the law means, what they are entitled to under the law, and what was meant by the domestic industry producing straight pins.

"We made it clear from the very beginning that if the investigation had to consider and be affected by the production, sale, and profits of other products, we would prefer or just as leave the investigation not be made.

"We recognized all along the right of the Commission to overrule us, to make an adverse report on the investigation without a hearing, and we assumed that that would be done if the Commission, by formal vote, ruled that we were not supplying relevant and pertinent information under the law.

"We still take the same position. If it is necessary to supply the figures on the production of plumbing fixtures, we would just as leave not have the investigation made. We feel that we are entitled to that position.

"Commissioner RYDER. I thought you put your statement in the record of your position on this subject. Why do you have to repeat it here now?

"Mr. BRECKINRIDGE. Commissioner Ryder——

"Commissioner RYDER. We heard it ad nauseum.

"Mr. BRECKINRIDGE. I am not repeating just what was said yesterday; I intend to supplement it briefly, and since the statement on behalf of three Commissioners has been read in the record here, I think we are entitled to state our position and have it clearly understood.

"Commissioner RYDER. Well, we gave you permission to put in the record your full statement on the other, applicable to this case.

"Mr. BRECKINRIDGE. I am not going to repeat what is in the statement already in the record.

"Chairman BROSSARD. Proceed, Mr. Breckinridge.

"Commissioner MCGILL. Mr. Chairman and Mr. Breckinridge, I do not mean to interrupt the course of your statement——

"Mr. BRECKINRIDGE. It is all right, Senator.

"Commissioner MCGILL (continuing). But I think there is one matter that may not have been clearly stated in the questions that were propounded to you a few moments ago with reference to overall production, and that is that my reference was intended to be the overall production, etc., in the plants where straight pins are produced. I want to make it clear that is what I had in mind, and, I take it, you also, unless you state to the contrary, you had it in mind also.

"Mr. BRECKINRIDGE. We had that in mind; yes, sir.

"Commissioner MCGILL. Yes.

"Mr. BRECKINRIDGE. On that point we feel that where Oakville may have 2 separate plants and Risdon may have 2 separate plants, another company, Star Pin Co., may have a comparable thing, but only separated by a wall, makes no real difference as to what is material and what is not material.

"Commissioner MCGILL. Well, I had in mind some company might manufacture in some place railroad engines, and I am not trying to get at anything like that and, therefore, I meant to confine my questions to the plants in which straight pins are produced; that that is the information we are asking for, the information from those plants.

"Mr. BRECKINRIDGE. I think after the investigation is completed the Commission will find that in the plants involved are produced some items that are just as irrelevant and immaterial as railroad engines.

"Back before the escape clause was enacted in 1951, the Commission had operated purely under an Executive order which did not state any criteria for escape-clause investigations. Those investigations were conducted under an administrative escape clause which was written in administratively by the State Department primarily into trade agreements.

"The escape clause provided for relief only—the principal provisions—only in case of unforeseen developments and in case of unforeseen injury; and it provided no criteria, no rules, for the conduct of investigations, and no procedural provisions.

"Under those investigations, the Commission wrote some indication of the criteria they considered and, for the most part, dismissed all applications for an investigation without even a hearing and without stating a reason for not conducting the investigation.

"Under those, I am sure, that the Commission considered these broad range of products that a producer of a product being injured or which they claim was being injured, they also produced. I am sure they considered also broad economic factors, the effect on world trade, international trade, generally.

"Commissioner EDMINSTER. May I interrupt you there? Since no report was issued, no statement of reasons was issued, how did you become sure of what we considered?

"Mr. BRECKINRIDGE. I have a statement——

"Commissioner EDMINSTER. What is your source of information on that?

"Mr. BRECKINRIDGE (continuing). A statement by Commissioner Ryder, who was at that time Chairman of the Commission, before the House Ways and Means Committee in 1948, testifying on H. R. 6556 which, at that time was considering a bill to extend the Trade Agreements Extension Act.

"I will not quote it, but the statement of the, at that time, Chairman, Commissioner Ryder, did indicate that these broad other things were considered and were pertinent to their investigation.

"Comparable statements were submitted at later times to the committees of Congress considering that or a subsequent extension of the trade-agreements law.

"In 1951 the matter was again considered, the Trade Agreements Act was again extended, and at that time was when the escape clause was written under the act under which this proceeding is being conducted.

"In the minority report of the committee recommending a bill to extend the trade-agreements law without an escape clause and extension as was, it had this to say—now, this is a minority report, and was a minority report by 10 to 5:

" 'The authority of the President to enter trade agreements was delegated to him by the Congress in the 1934 amendment of the Tariff Act of 1930. The 1934 amendment did not itself, however, provide any avenue of escape from serious injury, but almost all trade agreements now contain a so-called escape clause designed to prevent serious injury or the threat of it to domestic producers and their workers. The language of the escape clause is as follows.'

"I will not read the escape clause, but the significant thing is it contains criteria, particularly unforeseen, but not in the present law.

"Then the committee minority go on:

" 'As a result of the patent looseness of and ambiguity of the language of the escape clause, and as a result of the lack of any standards established by the Congress for the President's guidance in determining when relief should be granted, only one industry has ever been afforded relief by the President under this clause, and this took nearly a year to accomplish. The facts established during the public hearing on H. R. 1612 brought clearly into focus that the failure of the Congress to lay down any broad principles to guide the President has resulted in the complete ineffectiveness of the escape clause and that this failure is the basis of the well-founded complaints against the present procedure'—well-founded complaints against the present procedure which the Ways and Means Committee considered.

" 'Because of the complete ineffectiveness of the escape clause, domestic producers, even when they have been injured, feel it futile to apply to the Tariff Commission for relief, and even when relief is requested the ambiguity of the language in the escape clause is such that most applicants have been dismissed without even a formal investigation. A summary is given in appendix B listing all applications which have been made under the escape clause and showing the disposition of these cases.'

"Now, that report—that opinion—of the former administration and criteria of escape clause became the majority opinion of the House and the majority opinion of the Congress.

"Mr. Congressman BAILEY, who drafted the original version of the escape clause that was finally enacted, and sponsored it on the floor of the House, was here and testified as to what his intent was and what he thought the intent of the House was, what they understood the law to mean after the debate in which he participated.

"Commissioner MCGILL. You think that is a legal manner of determining what was the intent of Congress in the enactment of the bil?

"Mr. BRECKENRIDGE. I think that that is a part of the legislative history going to make up and to determine what the intent of Congress was. I do not say or contend that it should be necessarily controlling. I think that has to be taken along with other indications of the intent, such as the reports, the debates, the conference report, and final passage.

"Commissioner McGILL. Do courts, in your judgment, take into consideration the testimony of a Member given after the measure had been passed?

"Mr. BRECKENRIDGE. I do not think the courts would give much weight to it; were it available, I think they would consider it for such weight as they saw fit to put on it. Certainly, it does not carry as much weight as the debates and the reports do. We think the debates and reports all substantiate what Congressman BAILEY testified to.

"The language involved here is 'injury to the domestic industry producing a like or directly competitive domestic product.'

"That language was contained in the House version, as passed, was not changed by the Senate version, and was finally adopted in the same form by the conference report and by both Houses of Congress, and signed by the President.

"We think that very clearly, in view of the background, the information that the Congress had as to how the Commission had administered the escape clause in the past, makes it very clear that they intended that there be a change, and because they did not like the criteria being used, did not like the procedure being followed, they specifically wrote a procedure section, section 7.

"They not only said the concession shall not continue if it causes injury; they said, 'You shall investigate and follow these criteria.'

"We think that what the Commission has done in the past has been completely overruled by the Congress, and they have laid down new criteria for procedure and for findings of fact.

"In interpreting these words, 'domestic industry,' I think we have to go, in addition to what Mr. Heron has said on the subject which, I think, is very convincing as to what Congress has always understood the word 'industry' to mean in tariff legislation of various kinds, in 2 pieces of legislation where they have used it in this same context, that is, injury to domestic industry, or preventing domestic industry from being established, and those 2 pieces of law being the Antidumping Act of 1921, and the unfair-trade-practices section of the Tariff Act of 1930, which is section 337—decisions under those 2 laws by the Secretary of the Treasury in the case of dumping, by the Tariff Commission in the case of unfair-trade practices, have all indicated that industry and injury to industry meant injury to the production, the labor, capital, and management devoted to the production of the product being dumped or the product which was being unfairly imported; and the Commission, in the decisions, has consistently referred to injury to the industry of manufacturing flycatchers, the industry of manufacturing rules, and in those cases the companies producing those rules produced many other things.

"They did not consider the corporate activity of the companies producing those to be the industry, and when Congress spoke of injury to industry, it is not reasonable to think they were thinking in terms of corporate entities.

"The Congress thinks in terms of people, labor primarily, votes, if you please. They do not think in terms of corporate entities, and if a corporate entity is producing straight pins, regardless of other products they might be producing, they are thinking of the labor in straight pins, and they wanted to keep the labor of the straight-pin machine and not in Michigan producing automobiles.

"I think it is unfortunate that three members of the Commission have made up their minds and announced their decision before they heard our argument on the case. We fully recognize and fully respect the right of the Commission to overrule us, the same as we do any court; but we normally expect our day in court before they overrule us.

"If the Commission will permit, I would like to make an opening statement on the facts of the labor, management, and capital in producing straight pins.

"I first would like to introduce as an exhibit, a copy of the application filed by the applicants on September 22, 1953. In that application we have brought the statistical figures up to date through the year 1953.

"At the time of filing they only contained figures through the first 6 months of 1953.

"Mrs. COMPTON. Exhibit 2.

"(The document referred to was marked 'exhibit 2 (Breckinridge).')

"Mr. BRECKINRIDGE. Next I would like to introduce an exhibit, a consolidated industry report to the Tariff Commission, which contains consolidation on the overall industry basis of precisely the information which was submitted to the Commission by each individual applicant on a questionnaire submitted to the Commission; and I have changed none of the figures. I have only consolidated them in one report giving an industry picture. They were consolidated from a copy of the reports which were sent to the Commission directly by each individual applicant.

"I think it would be well to note that the information contained in the questionnaire submitted by each applicant contained in exactly the same form, with exactly the same instructions, with exactly the same headings and subheading numbers and titles as was requested by the Commission's questionnaire.

"We revised the questionnaire only in respect to omitting information on the production, sales, and profits of products other than straight pins, and we included considerable information in addition to what the Commission asked for. Each applicant submitted all of the information that was requested by the Commission with respect to straight pins.

"This exhibit is being submitted in confidence, and I have a copy here for each Commissioner.

"Mr. MARTIN. Mr. Chairman, may we inquire why these consolidated figures of eight companies should be received in confidence?

"Mr. BRECKINRIDGE. Mr. Chairman, we consider the figures as confidential because they reveal information of value to our competitors, and the makeup and nature of the industry is such that with this overall industry report it would not take much ingenuity to figure out substantially what the operations of each individual company were.

"Now there is certain information in the report—the report, as a whole, is confidential, but there is certain information that is taken from public records in it, which I have extracted and now propose to give to counsel for the importers. That information is item 2 on annual sales in pounds and in dollar value.

"It includes another item that we added on production capacity on existing machines and facilities, item 4 on exports, item 4–X on imports, item 4–Y on apparent acquisitions by the domestic market.

"Mr. MARTIN. Mr. Chairman, I appreciate the information that has been given us graciously, but I repeat my question. There are 8 companies involved here, and this is a consolidation of 8 companies' statistics. This cannot reveal the operation of any individual companies.

"Mr. BRECKINRIDGE. Mr. Chairman, I would like to say at this point that the applicants are extremely anxious that this information be treated as highly confidential, and at this point I might suggest that a little later on the applicants would like to have an informal conference with the staff of the Commission indicating the type of things that they would prefer not to have published in the report.

"Of course, we are not trying to dictate to the Commission, but the type of information that has been included in some reports of the Commission, in this case would be very damaging. We, of course, recognize the Commission's right to do as it pleases.

"Commissioner McGILL. Have any of the applicants seen this report?

"Mr. BRECKINRIDGE. They have all seen it, sir.

"Commissioner McGILL. All have seen it?

"Mr. BRECKINRIDGE. Yes, sir.

"Commissioner McGILL. Then they know what is in it, do they not?

"Mr. BRECKINRIDGE. Yes, sir.

"Commissioner McGILL. So that any of this confidential information that might be revealed from one to the other has already been seen?

"Mr. BRECKINRIDGE. We are concerned about revealing the information to our foreign competitors and to others outside the industry, who the applicants do not wish to reveal the information to.

"Commissioner McGILL. So far as each applicant is concerned, he has had his opportunity of figuring out his competitor's data?

"Mr. BRECKINRIDGE. As best he can, but I am sure—I do not wish the importers and the foreign manufacturers to have the same opportunity.

"Mr. MARTIN. Mr. Chairman, we appreciate the implication of superior analytical ability to figure out these confidential matters, but we do not think the compliment is warranted. I do not believe that the rule has ever been taken to such an extent to mean that eight companies' figures, which are all common knowledge among the companies, nevertheless should be confidential Government statistics.

"Commissioner McGILL. May I ask Mr. Breckinridge——

"Mr. BRECKINRIDGE. This is a confidential industry statistic not Government statistic.

"Commissioner McGILL. Let me ask you a question, Mr. Breckinridge, in connection with this.

"Mr. BRECKINRIDGE. Yes, sir.

"Commissioner McGILL. Are the figures of individual companies shown here or is it the total of all eight companies that are shown?

"Mr. BRECKINRIDGE. It is the total of all eight companies.

"Commissioner McGILL. So that no 1 of the 8 is disclosed, not 1 of the 8 is disclosed? It is just the totals, and the best you could do would be to——

"Mr. BRECKINRIDGE. The nature of the business is such, and the knowledge outside the industry of the operations of the different companies is such, that it would not take anybody long to figure out almost exactly what the individual company operations are. Now, if the Commission will not accept it in confidence, we will be glad to withdraw it.

"Commissioner McGILL. I do not care myself. I do not think it is confidential, though.

"Chairman BROSSARD. I would accept it in confidence at this time. We have not had a chance yet to examine it in detail because it was submitted this morning, and I would like to say that if the Commission should decide that it is not material that ought to be submitted in confidence, why, then we will subsequently make it known to these people and that they can withdraw it if they want to or leave it in and make it public, one or the other; but right at this moment I would not want to make a ruling on it one way or another. I think that is the feeling of my colleagues.

"Mr. BRECKINRIDGE. The Commission would advise us before they published any information, would they not?

"Chairman BROSSARD. Oh, yes.

"Commissioner EDMINSTER. You would have an opportunity to withdraw it if you preferred not to submit it, if we were not going to treat it as confidential.

"Mr. BRECKINRIDGE. All we would want is an opportunity to confer about it, and the Commission could do as it pleases.

"Chairman BROSSARD. This is the rule of the Commission on this matter of confidential information. It is 3 (c) under 201.6:

"'Information submitted to the Commission in confidence should be submitted on separate pages clearly marked "Confidential." The Commission may refuse to accept in confidence any particular information which it determines is not entitled to confidential treatment.'

"It was upon that basis that the Commission does not rule positively upon the subject at this time because we would like to examine the document carefully to see whether or not it is the kind of information that might reveal operation of individual concerns.

"Mr. BRECKINRIDGE. That is satisfactory, sir.

"Chairman BROSSARD. Before it is published in any way, we will give you people an opportunity to withdraw it or leave it in as an exhibit in confidence.

"Mr. BRECKINRIDGE. Now, Mr. Chairman, in order to avoid lengthy questioning later in the hearing, I would like to explain minor deviations that will be found in the statistics included in the application and in the statistics included in the consolidated report which has just been submitted as exhibit No. 3.

"Mrs. COMPTON. No. 3.

"(The document referred to was marked 'Exhibit 3, "Confidential" (Breckinridge).')

"Mr. BRECKINRIDGE. Here again in the application, the statistics were gathered by the Pin, Clip, and Fastener Association, straight pin division, and reported on a somewhat different basis than was requested by the Commission.

"These figures on sales do not include exports, whereas the figures on the Commission's questionnaire do include exports.

"Also another reason for minor differences which we do not think are consequential concerning the industry picture, in the case of retail items, such as papers, straight pins stuck on a paper, it was necessary for the secretary of the association to determine from the applicants a factor, and convert those pin papers to a pound basis.

"Now, in the case of the Tariff Commission questionnaire, each company converted where he did not have accurate pound figures, he converted his retail items, pin papers, to a pound basis based on his own records, and would be more accurate than what is in the application.

"But other than that, errors of that sort, I do not believe the figures are substantially different unless, possibly, I made a mistake in addition somewhere which, of course, the Commission will find.

"Now, in analyzing and considering the facts in the straight pin industry, I think underlying every consideration should be its profit picture, in the past and today.

"Now, that appears on page 15 of the questionnaire, and at the bottom line "percent of net profit to net sales," which is item 30, it shows that the industry, both before the war, during the 1935–39 period and since the war, has been operating just on the verge of the break-even point, sometimes a little below, sometimes a little above.

"The average profit during the 1935–39 period was a loss of .4 percent.

Chairman BROSSARD. Is that net profit before income taxes?

"Mr. BRECKINRIDGE. No, that is net profit after State and Federal income taxes; and we have used that figure because that is what you pay dividends on, that is what you get a return on your investment on.

"Now, in the immediate postwar period, 1946 and 1947, the companies, as did all companies, made some money; but, surprisingly little, compared to the profits of other firms, comparable firms in the same period.

"During the 1946–49 period, the profit, average profit, was less than 8 percent of net sales, and then in 1950 was when the imports hit, and from 1950 through 1952, the average profit dropped to only 3.2 percent.

"In 1952 it hit the low of a loss of 1.3 percent of net sales. In 1953 we had some recovery to the surprising figure of two-tenths of 1 percent profit.

"Now, the significance of that is that the industry is just on the verge, just operating, at the break-even point.

"Before the war they were struggling to get out of the depression under difficult circumstances, and they were saved by the war, beginning in 1939 and 1940.

"Since the war, immediately thereafter, they had considerable volume because of the pent-up demand, and the fact that trade channels had been exhausted, but it started a steady decline, and when the imports hit, it has removed any possibility of the industry pulling itself up by its own bootstraps.

"The present percent of imports to annual sales is not any startling figure, as one hears of imports these days, but the nature of the industry makes a small percentage much more damaging in this case than two-thirds of sales, as it would be in wool or some other commodities where the production capacity is less than demand.

"In this case production capacity is considerably in excess of American demand. Prewar 1935–39 imports averaged 2.4 percent of domestic sales in the domestic—correction, averages 2.4 percent of domestic market acquisitions or apparent consumption.

"In 1946–49, they averaged four-tenths of 1 percent, and then the availanche by comparison started. It went up to 3.2 percent in 1950, 10.7 percent in 1951, 6.5 percent in 1952, 8 percent in 1953. But those imports have had to be absorbed on a declining market, on a static demand, and a considerably declining per capita consumption.

"The average domestic sales in 1935–39 were 3,763,433 pounds. Even during the peak period of the immediate postwar 1946–49, it averaged less than prewar. It averaged 3,121,236 pounds.

"In 1950–52 average, it averaged 3,267,182, still below prewar.

"In 1952, when the full force of the imports was felt or, perhaps, I should stop and explain that—in 1950 and 1951 there was considerable importing as a result of scare buying, stocking, afraid we were going to get into total war, and those imports were not all consumed, and they very seriously, in our opinion—and I think the facts will substantiate it, very seriously—affected sales in 1952, and is still affecting sales.

"In 1952 sales dropped to 2,389,341 pounds. In 1953 there was a slight recovery to 2,917,188 pounds, both substantially below the prewar sales, substantially below the preconcession sales for postwar, if you want to consider that period as representative.

"Now, in addition to the sales, I think the next most important factor is production capacity. I have asked for and obtained from each applicant the following figures: Their actual production in 1953, the additional number of pounds they could have produced in 1953 with existing machinery, and within normal work schedules, and 5 days a week, and their production capacity.

"Chairman BROSSARD. Is that one shift?

"Mr. BRECKINRIDGE. It is one shift in most cases, Mr. Chairman. In the case of one company they normally run a two-shift schedule of production, I understand. Within my knowledge there is only one company where it is more than one shift.

"I also asked for the additional capacity, additional amount, number of pounds that each company could have produced with additional shifts on the same machines and with the same facilities. Those figures, production in 1953, were 3,181,128 pounds.

"Chairman BROSSARD. Is that in addition to what they did produce?

"Mr. BRECKINRIDGE. No, that is what they actually produced in 1953.

"Chairman BROSSARD. Yes; all right.

"Mr. BRECKINRIDGE. This is on the first page of the consolidated report, incidentally.

"The next figure was the additional amount they could have produced within a normal work schedule, which was 997,356 pounds, making a total production capacity, with normal work schedule and existing facilities, of 4,178,484. That is more than the domestic market has ever consumed since 1935, and it appears we have declining overall consumption as well as declining per capita consumption.

"The greatest amount that was ever required by the market was in 1936 with 4,148,504 pounds.

"In addition to that, if we should ever have an emergency and need it, which is unlikely, the companies could produce a still additional amount of 5,070,724 pounds if they used additional shifts, with existing machinery and facilities.

"In view of the testimony that will be submitted later to the effect that a pin is a pin, and you cannot tell a foreign pin from a domestic pin, under those circumstances, it is difficult to conceive of how 1 pound, even 1 pound or, let us say 100 pounds—which would sound a little more reasonable, 100 pounds—can come in here without displacing the consumption of the American-produced pin; it just cannot be done.

"How seriously have we been hurt to date? During 1951 and 1952, the domestic manufacturers lost about 550,000 pounds of sales to imports.

"To these companies, operating at a break-even schedule, that is serious injury and the threat of future imports is much greater because with the volume they got in 1950 and 1951, they were able to get their foot in the door to establish a distribution system, to establish stocks from which they could make delivery, and that is what is causing the very serious threat to the industry in the future.

"In the past, the main thing that protected the industry was not the tariff primarily, but the fact that the importers could not deliver.

"This industry operates on a delivery basis from inventory. Until they built up a stock and improved their distribution system, the users were hesitant to buy from them for fear next month they could not get delivery. Now, that reliability of supply preference is disappearing, and disappearing rapidly.

"In the application we estimated that 90 percent of the imports were of steel pins, and that they were imported in bulk form for industrial use rather than household use. We do not know the actual figures—they are not available to us—but we still think that figure is about right, although there are indications in the market that imports of brass pins, and imports of retail packaged pins are increasing, and probably will increase further, particularly because of the distribution system they built up which enables them to contact better retail stores and retail outlets.

"The bulk is sold to large industrial users where you can make one big sale, big volume, and not have much investment in inventory, and so forth.

"But as they build their distribution system they will move more and more into the brass pins and hospitals, and so forth, and into household use and, incidentally, as well as the imports, a large percentage of the domestic production is also sold in bulk packages to industrial users.

"It is not quite as big as the percentage of the imports, but it runs somewhere between 70 and 80 percent, 70 to 80 percent in bulk form; and in table 3 of the application, which is exhibit No. 2, I believe, this shows the distribution and sales on a gross basis rather than a dollar value basis shown in the Tariff Commission questionnaire; it

shows that of brass straight pins 76 percent of the domestic production is sold in bulk to industrial users; and of steel, 91 percent, almost 92 percent, of the domestic sales are in bulk form to industrial users.

"Now, those figures are for 1953, and they are pretty close to that for other recent years. For all sales put together, the bulk is 84.66 percent bulk for industrial use.

"Now we believe that the imports consist chiefly of No. 16, No. 17, and No. 20 straight pins in bulk form; those are the size numbers, sizes Nos. 16, 17, and 20.

"In 1953, the domestic sales of those particular sizes constituted 41.9 percent of their total sales. That is one figure I was not supposed to reveal; it was a slip.

"Commissioner McGill. Don't let us know about that because we might tell it to somebody.

"Mr. Breckenridge. I am sure, Commissioner, that Germany will know of it tomorrow, but we all make slips once in a while. I do not know whether they will fire me or not. But anyhow, it illustrates that the great bulk of the imports are affecting the backbone of the American pin industry. The straight-pin industry is built around sizes Nos. 16, 17, and 20.

"I have referred to the trend of sales and how they went down, beginning with 1950, when the imports increased in such tremendous volume—and when I say tremendous volume, I am referring to as compared with imports at any other time—and in 1950, when everything was supposed to be prosperous, we had the Korean war scare-buying and everybody says we had quotas and could not sell enough, our inventory was 518,077 pounds of pins. That is shown on page 3 of 7 of the questionnaire, which is item 5, and the Commission will note that while the Korean war was still going on, our sales declined from 3 million to 2 million in round figures, and in inventory, as the Commission will see, went up very, very substantially.

"It would not indicate that we were short of pins or short of material to produce them with. The situation has been such that this industry could pretty much control, in spite of the allocations, how much steel or brass it put into pins, as distinguished from other products.

"The employment in the industry has not gone down alarmingly. The number of people, the number of hours, is not alarming as yet, but the downward tendency is apparent, and with the importers now having a foothold in the market, it will probably go down very rapidly if we do not obtain relief.

"Now, a drop of 10 or 15 percent in the volume of this industry at this time could put most of the producers out of business unless they saw a recovery in the immediate future, and I believe the testimony of the individual applicants will substantiate that.

"Mr. Chairman, that completes my opening statement.

"Commissioner Schreiber. Mr. Breckinridge, you do not mean that, if, for instance, Oakville was to drop out of the straight-pin business that they are making, that they would have to close up, do you?

"Mr. Breckinridge. I did not say that, Commissioner, I hope.

"Commissioner Schreiber. Well, you said they would have to go out of business.

"Mr. Breckinridge. I intended to say they would go out of the straight-pin business.

"These companies produce straight pins to make money, and if they do not make money they are not going to continue to produce them. They do not carry them as a loss leader in their line, and the straight-pin production has got to stand on its own feet, and if it does not make money they are going to take their money out and put it some place else.

"Commissioner Schreiber. Wait a minute, this is straight pins.

"Mr. Breckinridge. Did I say safety pins?

"Commissioner Schreiber. That is what you said.

"Mr. Breckinridge. Thank you, Commissioner; I hope the reporter will correct that. I am troubled with the same trouble the chairman is. I might ever say spring clothes pins.

"Commissioner Talbot. Yesterday, Mr. Breckinridge, I asked you the form of relief that you recommended. I had in mind an increase in tariff or a quota, and you said you would take it up before the end of the hearing, which, apparently, you forgot to do.

"Mr. Breckinridge. I did not.

"Commissioner Talbot. Somebody forgot it, anyway, and we did not get it, so I assume you will put it in your brief. I do not find anything in here as to the form of relief you are asking.

"Mr. Breckinridge. I believe it is in there, Mr. Commissioner, Commissioner Talbot. I did not completely forget it before. We were rushed for time, and I thought we would put it in the brief.

"We have requested in the straight-pin case—I will do it now so I will not forget it—we have requested—an import quota of 100,000 pounds of straight pins.

"We feel that is necessary to establish some stability in the market, and we feel it is the type of relief that can prevent injury and do the least amount of damage to the dollar resources of the countries which export pins to the United States.

"Commissioner Talbot. The chairman points out to me that it is page 4 and page 5.

"Mr. Breckinridge. The reason for that is with a quota limitation of 100,000 pounds that quantity can come in, which is more than has ever come in before 1950, that quantity can come in with the benefit of the concession, with the reduced duty, and give an additional dollar return to the foreign countries involved; and it might bring about a situation where prices in this country can increase, at least to a reasonable level, to where the domestic manufacturers can earn a fair return on the investment involved.

"However, I think the Commission can be satisfied that a limitation would not cause any extremely high prices in the domestic market because you have eight producers, and the history will show that this has been a highly competitive business among our own domestic producers. We never had extravagant or exorbitant prices in the past, in the 1930's when imports were inconsequential. I would not say inconsequential, but they were very, very small.

"Now, if the Commission concludes that a quota—if the Commission finds injury and concludes that a quota—is not the right kind of relief to recommend, we urge that the duty be increased to 52½ percent. That is the maximum which it could be adjusted under the escape clause; that is the 50-percent increase above the rate in effect on January 1, 1945, which was 35 percent.

"Now, the law authorizes, in making concessions, that the rate be fixed anywhere between 50 percent above, 50 percent below, the rate in effect January 1, 1945.

"I was pleased to note for the first time that a finding of the Commission had recommended an adjustment of the rate under the escape clause to above the original rate, I believe it was in the handblown glassware case.

"While the industry feels that a quota is the better form of relief and would be even more acceptable to the importers and the foreign producers, we hope that if a quota is not granted, that a rate of 52½ percent will be recommended. A mere reversion to the 35 percent would not prevent injury to this industry.

"The third alternative is if the Commission decided merely to withdraw the concession entirely, if the Commission decided to recommend that, that is, we would prefer to have the concession entirely withdrawn and let the rate revert to the statutory rate of 35 percent rather than adjusting the concession to 35 percent.

"If the concession is entirely withdrawn, it would then make the industry eligible for relief under section 336 of the Tariff Act of 1930, so they could apply for an increase up to as much as 52½ percent on the basis of the difference between the foreign and domestic costs of production.

"If the Commission does not feel it can recommend a rate higher than 35 percent, we hope they will open the door so we can present our case under the cost-of-production provision of the Tariff Act of 1930.

"Thank you for bringing that up, Commissioner Talbot.

"Chairman Brossard. Commissioner McGill has a statement he would like to make.

"Mr. McGill. Mr. Chairman, I would first like to inquire if all the applicant manufacturers of straight pins are present?

"Mr. Breckinridge. They are all present but one, sir, which is Noesting, whose president had a heart attack recently but he has a representative here to speak for him.

"Mr. McGill. So that there is a representative of the applicant-manufacturers present?

"Mr. Breckinridge. Yes, sir.

"Commissioner McGill. Mr. Chairman, I wish to make a statement for the record, in which I am joined by Commissioners Ryder and Edminister.

"We want the record to show that the applicants in this case have willfully refused to supply the Commission with information which the Commission agreed was pertinent to the instant investigation and which the Commission requested them to supply. The Commission has been very patient with the applicants, notwithstanding repeated assertions by their attorney that they would refuse to supply voluntarily information of the kind in question. With the exception of the investigation relating to safety pins, hearings in which have just been concluded, the Commission has never experienced a situation of this kind, and it is difficult to understand this refusal to supply pertinent information by the very people who have invoked the Commission's jurisdiction in seeking relief for their industry. The type of information in question has been regularly called for in escape-clause investigations, but we have never experienced a deliberate and intentional refusal to cooperate such as has been exhibited by the behavior of these applicants.

"In a situation of this kind, any suggestion that the Commission should resort to its compulsive powers in order to secure the desired information from the applicants is patently absurd. A different situation might obtain in this respect if domestic producers generally were cooperating and only a small but important segment of the industry was withholding information. We are not here confronted with such a situation, however, as applicant-producers comprising over 90 percent of the production of the domestic industry are adamant in their refusal to supply the information.

"The right of the Commission to call for information of the kind involved was originally challenged by the attorney who is appearing today in behalf of the applicants in connection with an application filed with the Commission on December 17, 1952, for an escape-clause investigation relating to safety pins. The Commission, after reviewing the application, decided that information called for by the pertinent rules of the Commission governing applications but not supplied with the applications should be fur-

nished, and requested the applicants to supply the information in a letter to the attorney dated December 31, 1952. A copy of this letter will be inserted in the record at this point.

"I understand the Secretary has these letters and will supply them to the stenographic reporter.

"(The letter dated December 31, 1952, above referred to, is as follows:)

"DECEMBER 31, 1952.

"POPE, BALLARD & LOOS,
"*Munsey Building,*
"*Washington, D. C.*

"DEAR SIRS: Reference is made to an application which you submitted to the Tariff Commission on December 17, 1952, in behalf of the DeLong Hook and Eye Co., Philadelphia, Pa.; the Oakville company division of the Scovill Manufacturing Co., Oakville, Conn.; William Prym, Inc., Dayville, Conn.; and the Risdon Manufacturing Co., Naugatuck, Conn., for an investigation under section 7 of the Trade Agreements Extension Act of 1951 with respect to safety pins.

"The Commission, after considering the application, found that it fails substantially to furnish information called for by the provisions of part 207 of the Commission's Rules of Practice and Procedure, and ordered that the applicants be given until the close of business February 1, 1953, to complete the application by furnishing the necessary additional information. Until the additional information is furnished, the Commission will treat the application as not properly filed.

"The essential deficiency in the application lies in the failure to supply certain information called for by section 207.3 (e) of the rules, particularly paragraphs (1) (ii), (2), (3), and (5). It is noted that the 4 appplicant companies are stated to be the producers of 90 percent or more of the safety pins produced in the United States, and that all of them combine their safety-pin production with other lines of manufacture. Accordingly, there would appear to be no reason why each of these companies could not supply the information called for in the provisions of the rules referred to.

"Also noted is the statement in the application that much of the pertinent information called for in the rules, such as prices and profits, is a closely guarded secret of the various members of the industry and would have to be obtained by the Commission in confidence. In this connection, your attention is called to sections 207.3 (e) and 207.4 of the Commission's rules, which provide for the submission of confidential information in connection with the application. As is clearly evident from these rules, the confidential nature of information called for does not justify failure to furnish such information with the application.

"In order to assist the applicant companies in supplying the necessary information we have prepared a form, copies of which are attached, which they may wish to use. Any information called for on the form which the applicants consider confidential may, if desired, be submitted in confidence by each of the applicants separately. It should be noted that section 207.4 of the rules provides that information submitted in confidence should be submitted on separate pages clearly marked 'Confidential.'

Sincerely yours,

"DONN N. BENT,
"*Secretary.*

"Commissioner MCGILL. The attorney for the applicants replied to the Commission under date of January 15, 1953, flatly refusing to comply and challenging even the Commission's right to make rules governing applications for investigations. His reply will be inserted in the record at this point.

"(The letter dated January 15, 1953, above referred to, is as follows:)

"POPE BALLARD & LOOS,
"*Washington, D. C., January 15, 1953.*

"Re withdrawal of application for investigation under section 7 with respect to safety pins.

"Mr. DONN N. BENT,
"*Secretary, United States Tariff Commission, Washington, D. C.*

"DEAR MR. BENT: We have your letter of December 31, 1952, concerning the above-named application and we regret very much that the Commission has decided to ignore the application on the ground that it 'fails substantially to furnish information called for' and is 'not properly filed' under the Commission's rules of practice and procedure.

"After a careful review of sections 6 and 7 of the Trade Agreements Extension Act of 1951 (under which this investigation was requested) and after a careful review of the Commission's rules, the applicants are confident that their application, as filed, did include all of the information properly required by the Commission's rules. More specifically, the applicants strongly feel that their application was properly filed within the meaning of procedural section 7 (a) of the Trade Agreements Extension Act of 1951, the pertinent part of which commands that 'upon application of any interested party, the United States Tariff Commission shall promptly make an investigation and make a report thereon.'

"The applicants feel that their application was properly filed within the meaning of this mandate of Congress and that the action of the Commission in deciding to ignore the application 'as not properly filed' was improper and not authorized by the statute.

"Even though section 7 was designed and intended by Congress to set up the Commission's procedure under escape-clause investigations and even though the applicants are convinced that the Commission's rules cannot modify this congressional mandate that the Commission 'shall promptly make an investigation,' they wish to state that in their considered opinion their application was 'properly filed' even within the would-be terms and provisions of the Commission's rules.

"The application did submit all of the information required by such rules. Subparagraphs (a), (b), (c), and (d) of section 207.3 attempt to indicate the type of information which shall or must be included in an application and a review of the application will show that all such information was included therein. Your letter does not question this fact.

"You cite subparagraph (e) of section 207.3 of the rules as indicating the type of information called for but which was not included in the application and you enclose a table indicating the desired additional information. A review of this subparagraph (e) will show that it only states that the additional information indicated therein and the information indicated on the table enclosed with your letter 'should also be furnished with an application, to the extent that it is readily available to the applicant.'

"Thus, it is apparent that even the Commission's rules do not require that this information must be submitted with the application. Some of such additional information was included in the application and the balance of it was not and is not readily available to the applicants. Also such information could not possibly be put together in comparable and understandable form by the individual applicants prior to February 2 as required by the Commission's action. The application clearly indicated that such additional information was not readily available to the applicants but that it would be made available to Commission representatives by each individual applicant during the course of the investigation.

"Furthermore, the applicants do not consider the information requested with respect to their production of other commodities as proper to be submitted to or even considered by the Commission within the terms or intent of sections 6 and 7. The applicants have not requested an investigation concerning any of the products they produce other than safety pins. Consequently, they do not consider it appropriate to submit to the Commission information concerning their operations with respect to such other commodities (which differ from applicant to applicant). They consider themselves as representative of the overwhelming majority (90 percent) of the 'domestic industry' producing safety pins which are like and directly competitive with imported safety pins within the meaning of sections 6 and 7. As to their production of other products, which varies from company to company, they do not consider themselves as constituting a 'domestic industry' within the meaning of said statute. Consequently, each individual applicant does not consider any information with respect to their production of other products as being material or relevant to the issue involved in the requested investigation. They also feel that it would be improper for the Tariff Commission even to consider any such information. They feel that the sole question involved in section 7 investigation would be the effect of imported safety pins upon the American producers, capital, and laborers employed in the production of safety pins, without regard to other income they might have or other products they might produce.

"In view of these basic differences in interpretation of sections 6 and 7 and concerning the propriety of the Commission's rules to such extent as they may differ from the statute, the application is hereby withdrawn in accordance with rule 201.8 (d).

"In view of section 201.10 of the Commission's rules concerning public notices and since the Commission does not consider this application as "properly filed," it is assumed that the Commission has made no public notice of the receipt of this application and that its contents have not been discussed with any parties outside of the Commission. Since there is to be no investigation, the applicants are extremely anxious that the information contained in the application be kept strictly confidential. Consequently, it is hereby requested that all copies of the application be returned until such time as the applicants may decide to reapply for an investigation.

"Within a few days the undersigned will drop by your office to pick up the application.

"Very truly yours,

"JOHN BRECKINRIDGE,
"*Attorney for DeLong Hook & Eye Co., Philadelphia, Pa.; Oakville Division of the Scovill Manufacturing Co., Oakville, Conn.; William Prym, Inc., Dayville, Conn.; Risdon Manufacturing Co., Naugatuck, Conn.*

"Commissioner MCGILL. It will be noted that the Commission did not reject the application, but merely called for the desired information which should have been furnished with the application. It will be further noted that the attorney for the applicants withdrew the application voluntarily.

"The application in the intsant investigation relating to straight pins was filed on September 23, 1953, by the same attorney who represented the applicants in the safety pin case referred to above. This application reflected a deliberate omission of the kind of information which was omitted from the former application relating to safety pins. However, for the reasons stated in the Commission's letter dated September 25, 1953, to

the attorney for the applicants, the Commission instituted the investigation. A copy of the Commission's letter of September 25 will be inserted in the record at this point.

"(The letter dated September 25, 1953, above referred to, is as follows:)

"SEPTEMBER 25, 1953.

"POPE, BALLARD & LOOS,
"*Munsey Building,*
"*Washington, D. C.*

"(Attention Mr. John Breckinridge.)

"DEAR SIRS: The receipt is acknowledged of an application filed September 23, 1953, in behalf of the American straight-pin industry for an investigation under section 7 of the Trade Agreements Extension Act of 1951 with respect to straight (common) pins.

"The Commission has noted the statement in the application that 'Such additional information as is indicated as desirable by rule 207.3 (e) has also been included if it was readily available to the applicants in a form that it could be submitted on an industry basis in understandable form.' It appears, however, that none of the information indicated in paragraphs (2) and (3), and much of the information indicated in paragraph (5) of section 207.3 (e) of the rules has been furnished with the application. While it is difficult for the Commission to believe that most of this information is not readily available to the applicants, it has decided to institute the investigation. A copy of the public notice of the investigation is attached.

"In view of the position which you took in the safety-pin case the Commission wishes it to be clearly understood that the institution of the instant investigation is not to be considered as reflecting any doubt on the part of the Commission as to its authority to call for and to consider information of the kind indicated in section 207.3 (e) of the rules, including paragraphs (27), (3), and (5) of that section. Such information is considered by the Commission to be pertinent to investigations under section 7 of the Trade Agreements Extension Act of 1951, as amended, and will be called for in the course of the investigation with respect to straight pins.

"Sincerely yours,

"DONN N. BENT,
"*Secretary.*

"Commissioner MCGILL. On September 28, 1953, presumably after the receipt of the Commission's aforementioned letter of September 25, the attorney for the applicants in this investigation relating to straight pins filed an application for an investigation relating to safety pins which, except for bringing certain data down to date, was practically identical with the previous application relating to safety pins filed December 17, 1952. The Commission, nevertheless, instituted an investigation, but advised the attorney for the applicant, in a letter dated October 30, 1953, that it would call for information of the kind omitted from the application during the course of the investigation. A copy of this letter will be inserted in the record at this point.

"(The letter, dated October 30, 1953, above referred to, is as follows:)

"OCTOBER 30, 1953.

"POPE, BALLARD & LOOS,
"*Munsey Building,*
"*Washington, D. C.*

"(Attention Mr. John Breckinridge.)

"DEAR SIRS: The receipt is acknowledge of an application filed September 28, 1953, for an investigation under section 7 of the Trade Agreements Extension Act of 1951, as amended, with respect to safety pins.

"It is noted that, except for bringing certain tables relating to production, sales, and imports down to date through the first 6 months of 1953, the application is identical with that filed in behalf of the same applicants on December 17, 1952, and which was withdrawn January 15, 1953, as a result of the Commission's request in its letter of December 31, 1952, for information which it considered should be furnished with the application.

"In view of the fact that the applicants chose to withdraw their previous application rather than supplement the application with the information requested in our letter of December 31, 1952, thus unnecessarily delaying the investigation for almost a year, the Commission has concluded that, to avoid a possible repetition of such action, it will institute the investigation requested in the instant application. A copy of the Commission's notice of investigation is enclosed.

"The Commission wishes it to be clearly understood that the institution of the instant investigation is not to be considered as reflecting any doubt on the part of the Commission as to its authority to call for and to consider information of the kind indicated in section 207.3 (e) of the Rules of Practice and Procedure, including paragraphs (2), (3), and (5) of that section. Such information is considered by the Commission to be pertinent to investigations under section 7 of the Trade Agreements Extension Act of 1951, as amended, and will be called for in the course of the investigation with respect to safety pins.

"Sincerely yours,

"DONN N. BENT,
"*Secretary.*

"Commissioner MCGILL. Under date of October 31, 1953, the attorney for the applicants in the investigations relating to both straight pins and safety pins addressed a letter to the Commission in which he again indicated that the applicants in both cases would refuse to furnish the Commission with the information in question, except under compulsion. A copy of this letter will be inserted in the record at this point.

"(The letter dated October 31, 1953, above referred to, is as follows:)

"POPE, BALLARD & LOOS,
"*Washington, D. C., October 31, 1953.*

"Re investigation No. 28 (straight pin industry) and investigation No. 29 (safety pin industry).

"Mr. DONN N. BENT,
"*Secretary, United States Tariff Commission, Washington, D. C.*

"DEAR MR. BENT: We thank you for your letters of September 25 and October 30, 1953, advising that the Commission has, under sections 6 and 7 of the Trade Agreements Extension Act of 1951, instituted investigation No. 28 with respect to the straight (common) pin industry and investigation No. 29 with respect to the safety-pin industry. We acknowledge also the copies of the public notices of these investigations issued by the Commission.

"The applicants are gratified that the Commission has instituted these two investigations. We are instructed to inform the Commission that the applicants will submit to the Commission or make available to its representatives any requested information in their possession concerning imports or their domestic employment, production, costs, sales, and profits with respect to straight pins or safety pins, the two commodities with which the announced investigations deal. All books and records of each applicant dealing directly with these two commodities (or indirectly to such extent as necessary for allocation of overhead costs or similar items) will be made available for inspection to any authorized representative of the Commission.

"Your letters of September 25 and October 30 comment upon the area and character of evidence to be called for and considered in connection with each investigation.

"As indicated in your letter of January 15, 1953, it is our view that to such extent as the information indicated as desirable in paragraphs (2), (3), and (5) of section 207.3 (e) of the Commission's rules of practice and procedure, and referred to in your letters, relates to the production or sales of commodities other than straight pins or safety pins, or to other sources of income, it is not material or relevant to the investigation of the straight-pin industry or the investigation of the safety-pin industry within the meaning of sections 6 and 7 of the Trade Agreements Extension Act of 1951. The applicants have not requested nor has the Commission ordered an investigation of the effect of imports upon applicant's production or sales of commodities other than straight pins or safety pins. Applicants do not presently claim that their profits from production of other commodities or that their income from other sources are being adversely threatened by imports.

"It is our position that an applicant's production of other commodities or its income from other sources does not constitute a part of the 'domestic industry producing' straight pins or a part of the 'domestic industry producing' safety pins. Also, it is our position that applicants producing straight pins only are not a part of the 'domestic industry producing' safety pins and that the applicants producing safety pins only are not a part of the 'domestic industry producing' straight pins. The two are separate and distinct industries and must stand on their own merits or demerits.

"In past instances, as indicated by your letter, members of the Commission have taken a view different from that to which we subscribe but this action on the part of the Commission has not been unanimous. We wish to earnestly urge upon the Commission a further consideration of all of the factors involved in this question. For this reason, we shall not voluntarily supply information beyond the boundaries indicated herein. We hope that upon consideration the Commission will uphold our view. However, if the Commission concludes that a subpena or subpenas are to be issued to compel the production of this data, we shall promptly comply with such order.

"We wish to again emphasize the fact that all of the applicants, in each case, desire to cooperate fully with the Commission and its staff in supplying any and all requested information from their records dealing directly with their production and sales of straight pins or safety pins, as the case may be.

"In order to facilitate their full cooperation, the applicants would like to suggest an informal conference at the Commission at the earliest convenient time. It is felt that such an informal conference would facilitate a determination of the type of information with respect to safety pins and straight pins desired by the Commission and would enable the applicants to make their own preparations for supplying such information as fully and promptly as possible. At such a conference the applicants would also like to discuss the possibility of a change in the hearing dates the Commission has announced.

"Very truly yours,

"JOHN BRECKINRIDGE.

"Commissioner MCGILL. The Commission responded to this letter under date of November 17, 1953, a copy of which response will be inserted in the RECORD at this point.

"(The letter above referred to is as follows:)

"NOVEMBER 17, 1953.

"POPE BALLARD & LOOS,
"*Munsey Building,*
"*Washington, D. C.*

"(Attention Mr. John Breckinridge.)

"DEAR SIRS: Reference is made to your letter of October 31, 1953, with regard to investigations No. 28 and No. 29 under section 7 of the Trade Agreements Extension Act of 1951, as amended, covering straight pins and safety pins, respectively. Reference is also made to your letter of November 3, 1953, re-

questing postponement of the hearings in these investigations.

"The Commission has noted your statement that the applicants in the above-mentioned investigations will not voluntarily furnish information regarding their operations other than will respect to straight pins or safety pins ,and your request that the Commission give further consideration to the position taken by the applicants. In its letter to you dated September 25 with respect to investigation No. 28, and in its letter to you dated October 30 with respect to investigation No. 29, the Commission clearly stated its position in this matter and therefore does not consider further comment in this connection to be necessary.

"The investigations will proceed in the usual manner, and information which the Commission considers pertinent to the investigations, including information relating to the operations of the domestic industries producing safety pins and straight pins with respect to other commodities produced by such industries, will be called for in due course. If any of such information is not furnished voluntarily, the Commission will either exercise its right to require the production of any such information by subpena or to take such action, other than compulsive measures, as it may determine to be appropriate.

"With respect to your suggestion for an informal conference at the Commission for the purpose of facilitating a determination of the type of information desired by the Commission and to enable the applicants to make preparations for supplying such information as fully and promptly as possible, the Commission has authorized the undersigned to arrange a conference between the applicants and appropriate members of the Commission's staff for such time as may be mutually convenient. However, it should be understood that such a conference will not include a consideration of any question regarding limitations on the extent of the operations of the industries concerned which is to be the subject of inquiry by the Commission in these investigations.

"Your request for postponement of the hearings in the investigations in question has been granted by the Commission. The hearing in investigation No. 29 has been postponed to March 23, 1954, and the hearing in investigation No. 28 has been postponed to March 24, 1954.

"Sincerely yours,

"DON N. BENT,
"Secretary.

"Commissioner MCGILL. In accordance with its usual practice, the Commission in the course of the investigations formulated questionnaires which were mailed to the producers of straight and safety pins on January 8, 1954, calling for information which the Commission considered pertinent to the investigations. These questionnaires were duly approved by the Bureau of the Budget. A copy of the Commission's questionnaire will be included in the record as Commission Exhibit No. 1.

"(The document was marked 'Commission Exhibit No. 1.')

"Commissioner MCGILL. None of the applicants returned the Commission's questionnaires; instead, they each sent to the Commission their own statements of information, which statements supplied some of the information called for in the Commission's questionnaires. However, none of the statements contained information of the kind in question and which the attorney for the applicants had previously repeatedly asserted would not be supplied to the Commission voluntarily.

"The Commissioners joining in this statement consider that the applicants have wilfully refused to cooperate with the Commission; that the applicants are attempting to dictate to the Commission the extent and scope of its investigations; and are insisting on substituting their judgment for that of the Commission as to what information is pertinent to the investigations. The information which the applicants have been requested to furnish and which they have wilfully refused to furnish is necessary to the Commissioners joining in this statement in order for them to arrive at a proper decision in the case, and the Commission itself has agreed that the information is pertinent to these investigations. In the absence of such information being furnished by the applicants concerned, the Commissioners joining in this statement will be unable to formulate findings on the merits in this investigation.

"Inasmuch as it is obvious that the applicants do not intend to furnish the desired information voluntarily, we are of the opinion that this investigation should be terminated forthwith and that the Commission should immediately issue a report thereon, without formal findings, explaining the reasons for the termination of the investigation.

"Now, Mr. Chairman, that completes the statement that I desire to make, but I desire to inquire of the counsel for the applicants, inasmuch as it took considerable time in the safety-pin investigation to cover the point, if the applicants, and each of them—and they are entitled, either one of them, any or all of them, to answer for themselves if they so desire, if they continue and at this time decline to supply the information requested in the questionnaires of the Commission as has been mentioned?

"Mr. BERCKINRIDGE. Senator McGill, in accordance with your desire, I have discussed the matter with all of the applicants and each have indicated that they would stand on the position they have taken in the past, as explained in my letters to the Commission and as explained by Mr. Heron, and that they will supply the information to the Commission if it is subpenaed.

"Commissioner MCGILL. If not subpenaed, do they decline to supply the information?

"Mr. BRECKINRIDGE. They will not supply the information voluntarily, sir.

"Commissioner MCGILL. They understand, and you understand, just what portions of the questionnaire to which reference has been made?

"Mr. BRECKINRIDGE. Yes, sir. The portion they decline to submit voluntarily is that portion dealing with their production, sales, and profits on products other than straight pins.

"Commissioner MCGILL. Mr. Breckinridge, at the hearing on safety pins, I enumerated the various places in the Commission's questionnaire, referred to them by page, and the items contained on each page. You have that all in mind?

"Mr. BRECKINRIDGE. Yes, sir.

"Commissioner MCGILL. And you decline to supply it without its being subpenaed?

"Mr. BRECKINRIDGE. Yes, sir; and, as I interpreted those portions of the questionnaire which the Senator mentioned, it was those dealing with the production, employment, sales, and profits of products other than straight pins.

"Now, Senator, Mr. Heron, my associate and partner in my firm, is going to make a brief statement at this point concerning our position. I would suggest that it might be appropriate to permit him to appear at this time.

"Commissioner MCGILL. They have indicated what they intend to do, and I am not intending to go through some proceeding here for no particular purpose.

"The questions, Mr.——

"Mr. BRECKINRIDGE. Mr. Chairman, could I at that point—I think what we wanted to do, what Mr. Heron wanted to do, was to ask that his statement of our position on the issue be included in the record as though it were given here in full, although he will not make the statement in full.

"Commissioner MCGILL. I have no objection to that, except I would like to have what I am about to ask precede that in the record.

"Chairman BROSSARD. Yes.

"Commissioner MCGILL. Mr. Breckinridge, do you have the Commission's questionnaire there?

"Mr. BRECKINRIDGE. Yes, sir; I have it right before me.

"Commissioner MCGILL. I would like to call your attention, on the first page, the items on that page shown down a little more than the middle of the page and headed by the letters D and E. Do you have those in mind?

"Mr. BRECKINRIDGE. Yes, sir.

"Commissioner MCGILL. I take it you have.

"Mr. BRECKINRIDGE. Yes, sir.

"Commissioner MCGILL. And on the next page, the items at the top, near the top of the page headed C and D?

"That would be page 2.

"Mr. BREKINRIDGE. Yes, sir; all other products and total.

"Commissioner MCGILL. Then, at the bottom of the page under title 'Average Number of Persons Employed,' all of the items contained therein?

"Mr. BRECKINRIDGE. No, sir. We have supplied (2) (a) on safety pins, (2) (c) on straight pins, (3) (b) on safety pins, (3) (c) on straight pins.

"Commissioner MCGILL. You have not supplied item (1) under that heading?

"Mr. BRECKINRIDGE. No, sir; that is all.

"Commissioner MCGILL. In either case?

"Mr. BRECKINRIDGE. No, sir; because those refer to total employees on other products.

"Commissioner MCGILL. You have not supplied those items which I have last mentioned?

"Mr. BRECKINRIDGE. No, sir; the applicants have not supplied that.

"Commissioner MCGILL. On the following page, which would be page 3.

"Mr. BRECKINRIDGE. It is page 4 of 7, I believe, sir.

"Commissioner MCGILL. It would be 4, page 4, instead of 3, under the first heading of 'Item,' you find that, that part under the heading of 'A'?

"Mr. BRECKINRIDGE. Yes, sir; all products.

"Commissioner MCGILL. You have that in mind.

"Under the next group headed under the title 'Item,' in that place you have in mind that headed by 'A'?

"Mr. BRECKINRIDGE. Yes; that is other products again.

"Commissioner MCGILL. I know it shows for what it is, but I am asking if you have that in mind.

"Mr. BRECKINRIDGE. Yes, sir.

"Commissioner MCGILL. Then, the next page there is nothing on it; but the following page, which I think would be page 6—would it be page 6?

"Mr. BRECKINRIDGE. Page 5 of 7, I believe.

"Commissioner MCGILL. Well, you have this place in mind?

"Mr. BRECKINRIDGE. Yes, sir.

"Commissioner MCGILL. Under operating statements? That is, 15, at the top of the page, you have in mind the matter mentioned under the heading A?

"Mr. BRECKINRIDGE. Is that the one referring to operating statements on the overall business of each firm?

"Commissioner MCGILL. It reads: 'Submit with this questionnaire audited profit-and-loss statements and balance sheets for your company as a whole for your accounting years 1939 and 1948 to 1953 inclusive.'

"Mr. BRECKINRIDGE. Yes, sir. The applicants have not furnished that.

"Commissioner MCGILL. You have that in mind?

"Mr. BRECKINRIDGE. Yes, sir.

"Commissioner McGILL. Then, under the title 'Item,' you have all of the matters involved in the subdivision headed by figure '1.'

"Mr. BRECKINRIDGE. Yes, sir, that is the one covering all products.

"Commissioner McGILL. You have that in mind?

"Mr. BRECKINRIDGE. Yes, sir.

"Commissioner McGILL. You have all of them in mind when you say that you decline to supply the information except on subpena?

"Mr. BRECKINRIDGE. My statement was that the applicants will not submit it and supply it voluntarily, sir.

"Commissioner McGILL. Unless they are subpenaed, as I understood you?

"Mr. BRECKINRIDGE. Yes, sir; that is correct.

"Commissioner McGILL. Yes, sir.

"Mr. BRECKINRIDGE. I would like at this time, just to be sure that all the applicants are here——

"Chairman BROSSARD. Just a moment. Mr. Martin wanted to raise a question on something about it, I think.

"Mr. MARTIN. Mr. Chairman, since, as I understand it, Mr. Heron has agreed not to read his statement but to put it in the record, I wonder if it would not be satisfactory to make it an exhibit rather than to extend the transcript. Monday's statement ran 28 pages in the transcript. Wouldn't it be just as effective——

"Commissioner McGILL. May we take that up just as soon as—I thought Mr. Breckinridge wanted to take up something about the questions we asked him.

"Mr. BRECKINRIDGE. I would say that it is not satisfactory.

"I wanted to say to you, Senator McGill, if all of the applicants are here, and if any of them disagree with what I just said to the Commission, they should have this opportunity, and the record should show that they were all present, and by not saying anything they agreed with what I have stated.

"Commissioner McGILL. That is the way I assumed, and I invited any or all of them to answer individually if they saw fit.

"Chairman BROSSARD. Are there any of the representatives of the industry here who desire to make a statement contrary to the representations of counsel?

"(No response.)

"Chairman BROSSARD. It is agreed.

"Commissioner McGILL. I did not mean to interrupt Mr. Martin if he had something to say, but I thought Mr. Breckinridge wanted to finish that.

"Chairman BROSSARD. Just one statement. This matter, as I said when we began the hearing on safety pins, is a matter which the Commission had before it in a Commission meeting, and the Commission decided to proceed with the hearing to get all the information it could at this hearing, so we will proceed with the hearing.

"Commissioner McGILL. I think we will do the same as we did in the safety-pin investigation, and I will state that the vote was 3 to 3.

"Chairman BROSSARD. Thank you.

"Commissioner TALBOT. It was 3 to 2 in the safety pin.

"Commissioner McGILL. Not at the Commission meeting, it was not.

"Chairman BROSSARD. It was 3 to 3 in the Commission meeting, and so stated.

"Mr. BRECKINRIDGE. Mr. Chairman, I would like to have my partner, Mr. Heron, respond to the question put by Mr. Martin, counsel for the importers.

"Mr. MARTIN. Mr. Chairman, if the alternative to my suggestion is reading the statement, I withdraw the suggestion.

"Chairman BROSSARD. I think it would be advisable, since everybody heard the statement, if the statement is inserted in the record, if that is agreeable to everybody. Is there any objection to that? It will be inserted in the record, and you will not need to make it.

"Mr. HERON. Thank you, sir.

"(The statement of Mr. Heron appears at the beginning of these extracts from the hearing.)"

Mr. Speaker, as the author of the escape clause as it is now contained in section 6 and section 7 of Public Law 50, I have some idea of what the Congress intended when this major change was made in our trade policy.

As a witness some weeks ago before the Tariff Commission on hearing No. 28, dealing with straight pins, I stated what I considered the intent of the Congress.

John Breckinridge, attorney with the firm of Pope, Ballard & Loos, questioned me, as follows:

"Mr. BRECKINBRIDGE. What in your opinion was the understanding of the House of the words, 'domestic industry', when they debated and adopted the escape clause containing those words?

"Mr. BAILEY. I think if you will peruse my debate on the House floor, you will understand what the primary object was. It was to protect domestic industries, producers of individual articles who were being harassed, injured, harmed by importations, excessive imports of like products coming from abroad."

Mr. Breckinridge reviewed the entire history of the escape clause and other tariff legislation using the words "domestic industry." It seems indisputable that the clause was written primarily to protect individual products which are injured by imports. Otherwise, section 7 of the Trade Agreements Act is made impotent for its intended purpose. If an interpretation is put upon it that the overall situation of the companies, asking relief—including unrelated products—can be taken into account, the result is absurdity. Plainly, then, only information concerning the straight pin industry should be considered by the Tariff Commission in deciding whether that industry is entitled to relief under sections 6 and 7 of the Trade Agreements Act.

I do not see how the Commission can, upon mature and sober consideration, conclude otherwise. To me the action of these three Commissioners reflects a lack of sympathy with the congressional mandate of the escape clause and an unwillingness to carry out the clear intent of Congress to protect the American production of those specific products which were being threatened with injury from imports of a like or competitive product.

I hope that those Commissioners who so injudiciously prejudged the case and announced their decision at the opening of the public hearing, before hearing the facts or arguments of the applicants, will give this important matter further thought and reconsider their position. At least, I hope, in their report on the case, they will give a complete and clear statement of their interpretation of the words "domestic industry." The Commission has never defined these words and the Congress should understand their interpretation. These words constitute the very heart of the escape clause.

Today the Congress finds itself at the crossroads in our trade policies. Should the Congress fail to enact legislation contained in H. R. 9159, which drastically altered the present administrative features of our tariff law, then I would suggest to the Congress that we immediately enact and clarify the language and the intent of Congress when it amended the Reciprocal Trade Agreements Act by adding the escape clause intended to protect America's labor, capital, and management devoted to the production of individual products on which the tariff has been provided by the Congress.

Mr. MILLER of Kansas. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. MILLER of Kansas. I would like to ask the gentleman from West Virginia [Mr. BAILEY], does not the Federal Trade Commission cite any law on which they base the decision to which he referred?

Mr. BAILEY. I will reply to the gentleman from Kansas in this way. They say that they are unable to interpret the intent of the Congress in passing the escape clause; that they have set up certain rules and regulations and printed them, which were controlling, and that they were not complying with the rules and regulations of the Tariff Commission. Those rules and regulations were not established by the Congress but by the Tariff Commission. I say that their action is arbitrary.

Mr. MILLER of Kansas. I thank the gentleman.

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. KNOWLAND:

Address delivered by Senator BENDER at Youngstown, Ohio, on February 24, 1955, dealing with America's business future.

By Mr. SCHOEPPEL:

Address entitled "Let's Put America First," delivered by Senator JENNER before the Dallas Public Affairs Club and the Committee of One Hundred, at Dallas, Tex., on February 14, 1955.

By Mr. NEUBERGER:

Statements by him and by the Secretary of the Interior on the question of the public power issue and the so-called partnership program of the national administration.

By Mr. PAYNE:

Address delivered by the Secretary of the Treasury on February 16, 1955, at Philadelphia, Pa., relating to the accomplishments of the Eisenhower administration.

THE 14 FUNDAMENTAL FACTS OF THE NUCLEAR AGE

Mr. KNOWLAND. Mr. President, in the October 1954 issue of the Review of Politics, which is published by the University of Notre Dame, Indiana, there was published an article under the heading of "Courage or Perdition?—The 14 Fundamental Facts of the Nuclear Age," written by Ferreus.

Mr. President, from time to time articles which have great significance and great interest appear in various publications. I wish to ask at this time unanimous consent that the article to which I have just alluded may be printed in the body of the RECORD. It deals with vital matters affecting the defense of our country.

I would particularly call the article to the attention of the chairman of the Committee on Foreign Relations, the chairman of the Committee on Armed Services, the chairman of the Joint Committee on Atomic Energy, and the ranking members of those three committees. I think they will find the article challenging, and in due time and at an early date I believe they will want to explore some of the very basic questions raised, which vitally affect the security of the country.

Fundamentally, the article takes up the possibilities of an effective system of inspection relative to atomic energy. That question, of course, is of vital concern to this Government and to the American people, in view of the fact that the Soviet Union to date has rejected all proposals for effectively checking on atomic weapon development.

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

COURAGE OR PERDITION?—THE 14 FUNDAMENTAL FACTS OF THE NUCLEAR AGE

(By Ferreus)

However distasteful it may be, nuclear weapons of the fission and fusion types have come to stay. Henceforth, they will be as much a part of human existence as rain and snow, morality and crime, the telephone and the airplane, pacifism and aggressiveness, freedom and tyranny, stupidity and wisdom. It is unlikely that this new invention can be undone except through the destruction of civilization itself. On the contrary, nucleonics sooner or later will provide the foundation of industrial civilization all over the globe. Given the anticipated increase in consumption or our energy resources, it appears that nuclear fuels, on a large scale, will have to be made available to industry within the life span of the present generation. Otherwise economic decline (and hence political catastrophe) must come about as the result of the gradual depletion of oil and coal deposits, the concurrent price rise of mineral fuels, the lack of a mineral energy basis in many countries, the rapidly rising demand for industrial goods, and the uninterrupted increase of population.

On a less cosmic scale, the continued progress of many individual industries is dependent, at least partially, upon the early utilization of nuclear techniques and materials. For example, the future of surface and possibly air transportation, of irrigation agriculture, and perhaps of the chemical and metallurgical industries, is interrelated with nuclear advances. Both energy needs and technological changes make it inevitable that large nuclear industries, including producers of fissile materials and atomic particles, will arise in presently industrialized countries. It is no less inevitable that such industries will grow in under-developed areas, because nuclear technology offers an unprecedented chance of cutting the time requirements for industrialization. Nucleonics are fast becoming a global necessity. Naturally, in a world where there are numerous installations using nuclear techniques, and where there are also many basic nuclear producers, there must be available manifold abilities to build nuclear weapons. The inevitability of the nucleonic age and the emergency of nuclear industrial potentials is the first fundamental fact which we must grasp firmly.

True, the mere existence of nuclear industries or even of atomic weapons does not by itself pose a security threat. This threat arises only when such weapons are in the hands of the politically immoral and uninhibited, and more particularly, in the hands of governments or political (and criminal) groups willing to employ such weapons for the blackmail or destruction of their opponents. It may be argued that, given governmental encouragement to the present tendency of society to decentralize, and given some efforts to reduce the vulnerability of factories and cities, the relative effectiveness of nuclear weapons could be reduced. It also may be argued that the employment of nuclear weapons could reduce war to a single battle of a few days' duration and that, while casualties in this battle would be very heavy, total casualties would be smaller than those resulting from a hypothetical protracted war fought without nuclear weapons. In comparison with wars of previous centuries, a nuclear war indeed need not be more destructive of human lives than, let us say, the Thirty Years' War (which, admittedly, would be scant solace). However, these arguments may be countered with equally, and perhaps more, cogent objections. In the end, the disputants should agree easily that wars in general, and nuclear wars in particular, are most unpleasant occurrences which all of us must make strong efforts to avoid. Hence the question arises: granting the inevitable existence of nuclear capabilities are there feasible methods for avoiding a nuclear holocaust?

A nuclear monopoly in the hands of an aggressive dictator certainly would have spelled doom for much of mankind. If, by the end of the Second World War, Stalin had possessed such a monopoly in the form of a significant weapons stockpile, he would have been able to establish a Soviet world dominion; in all likelihood, he would have proceeded to do so. Or we may ask ourselves what might have happened if the Nazis had come into possession of an operational stockpile of atomic weapons prior to the Normandy invasion? Had not the United States achieved the first atomic stockpile in history, human society would have suffered the worst catastrophe in its history. Let us be grateful that this disaster was spared us.

If an aggressor were to use nuclear weapons in the future, he would do so in the expectancy of retaliation in kind. We probably are entitled to make some rationalistic assumption with respect to human nature, including the psychology of aggressors. If we assume then, that aggressors aim at the fruits of war but dare shoulder only the minimum of sacrifice, we should expect that in the face of a deadly retaliatory threat, aggressors might abstain from the employment of nuclear weapons. Yet this expectation cannot be firm because the aggressor may be able to neutralize, by military or political means, the capability or willingness of his opponents to retaliate; and secondly, because he may be a madman (in the clinical sense), and hence not be rationally mindful of the consequences of his acts—in fact, depopulation and the creation of ruin and chaos may be his primary objectives. Hence the concept that atomic attack is preventable through the threat of retaliation, while probably valid in general, cannot be relied upon in all and any circumstances.

There is a school of thought which denies that security against atomic destruction can be obtained at all through retaliatory threat. The fear is that retaliation would compound the evil. In different variants and mixtures, it is proposed that the supervised destruction of existing stockpiles and the establishment of an international control apparatus be undertaken in order to prevent the future production of nuclear weapons. Perpetual international control is the heart of this concept; its purpose is to make nuclear war impossible through nuclear disarmament. There have been numerous schemes setting forth infallible and effective control arrangements. Many supplementary and occasionally ingenious ideas have been proposed to provide for the closing of the loopholes which, invariably, appeared after a particular scheme had been analyzed closely.

The drawing of utopias has been the favorite pastime of our nuclear Morus, Campenellas, and Bellamies. It is amazing that such cerebrations have arrested the attention of political scientists and even of practicing statesmen (if we assume their attention was genuine). No less startling is the fact that discussions about such schemes usually ignore the practical difficulties which would arise even in the unlikely event of an international agreement undertaken in truly good faith.

Let us look at three of these practical difficulties.

1. Effective atomic control probably would entail the direct watching of no less than 100,000 industrial firms and factories the world over; hence at least 300,000 technically qualified inspectors would have to be assigned to the control of existing facilities. In reality, this world-wide requirement would be considerably larger and in addition to supervising industrial enterprises it would be necessary to control many other economic activities, such as mining, trading, laboratory research, etc. I doubt that there are in the world enough technically—and linguistically—qualified persons to undertake such a task. (In the United States only 7,400 persons received master of arts and doctor of philosophy degrees in engineering and physical sciences during 1952.)

No elaborate statistics are necessary to show that commitment of such a corps of inspectors would swallow a large percentage of the world's scientists and technicians. While on control assignments, these men would be taken away from their primary professions. One can but picture the effect on future scientific progress. Yet if volunteers were not forthcoming in adequate numbers, personnel would have to be drafted, and this not just for a short emergency. The loyalty and the reliability of drafted inspectors probably would not rate very high. Since, actually, the world's entire technical economy must be supervised, literally every qualified citizen would have to become a part-time policeman. Even in this improbable case a modern state would possess enough resources and wits to outwit the honest inspectors, bribe the dishonest ones, blind the attention of the disaffected, and enlist the willing or forced cooperation of the ideologists and political careerists.

2. To avoid secret preparations in out-of-the-way places and uninhabited areas, approximately 30 million square miles would have to be supervised, with at least half of this area requiring frequent and close looks. This type of massive supervision can be done only through aerial reconnaissance. Assuming a range of aircraft of 1,000 miles and a photographic coverage per sortie of a 2-mile strip, 15,000 aircraft sorties would be necessary for a single supervision or if a weekly check is desired, as it must, about 780,000 sorties per year. This estimate neglects additional sorties necessitated by bad weather and the need to survey sea areas, and it does not take into account the responsibility of following up suspected violations with detailed checks and precision photography obtainable only through large numbers of low-level flights (and conceivably through airborne landings). With maintenance, repair, and loss, approximately 8,450 aircraft and about 2 million men as well as very substantial photographic facilities would be required to do just the basic job. With all that investment and flying, it still would be possible—easily possible—to fool the air patrol: many infractions would be feasible in tunnels, underground installations, and even in innocent-looking city houses. Needless to say, such a global air patrol would deprive all states of their military security in nonnuclear weapons. Hence the patrol can be instituted only after states no longer are required to have military and industrial secrets. If so, would the air patrol not be superfluous?

Future technology, however, may modify the above requirements for control flights. With better aircraft, enlarged airbase systems, and broader photographic coverage, the job may be done with fewer sorties. Substantial increases in commercial flying gradually may restrict the area which needs to be controlled. Still, the cost of the inspectors corps and the air patrol may be estimated at approximately $18 to $20 billion yearly as compared to the current budget of the United Nations of less than $50 million.

Unquestionably, the United States would have to pay the lion's share of this budget. More significant perhaps, only the United States, the Soviet Union, and the United Kingdom would be able to make available adequate air facilities and personnel for the purpose. The air patrol would be an almost exclusive responsibility of the super powers. Let us be content with the remark that such a state of affairs would present very great political hazards.

3. Nuclear weapons already are in existence. Before an agreement conceivably can be negotiated, there will be large weapons stockpiles in many countries. How on earth can it be assured that all these weapons would be destroyed and the sizeable numbers of "insurance weapons" would not be hidden? Yet if no reliable and practical method can be designed against this mortal danger of concealment, then the time for the establishment of dependable controls did pass years ago. While it may be a useful propaganda device to talk about control schemes (which I rather doubt since the spreading of illusions usually backfires), nuclear international control never again can be a safe security measure. International control would be possible only as a sham and, if adopted, would constitute an extreme and unacceptable security hazard. This is the second fundamental fact which we must understand.

For that matter, the point is entirely academic. So long as the Soviet government retains its present structure and political intent, and wants to remain safely in power as a dictatorship, it cannot, and will not, accept an international control agreement. This is so because it cannot allow thousands of foreign inspectors to investigate Russian industry and possibly ferret out major Soviet secrets. International control, moreover, would mean the end of the iron curtain and hence signify the end of this most essential prop of Soviet political survival.

Our concern must center on the threat of an atomic war within the next ten to twenty years. It is unlikely (though, naturally, not impossible) that during this period the Soviet government will have changed enough to make it any more amenable to mutual supervision. Hence even the best conceived control scheme will not help us with our problem of avoiding nuclear warfare in the immediate future. It may be granted, however, that should the Soviet government change substantially within this crucial period, a new look at the problem could become useful. For the time being, discussions of safe nuclear disarmament schemes are, at best, useless or naive and, at worst, hypocritical or subversive. Soviet talk about control is designed to disarm the United States, and enhance the nuclear posture of world communism. This is the third fact which we must always keep in mind.

It also has been proposed to forego involved control schemes. Instead, a simple international agreement should be concluded, for example, in the form of a mutual promise never to use nuclear weapons. Proposals of this type are based on the assumption that it is, objectively, to the best interests of all to avoid nuclear war. Hence such a promise—it is alleged—would be undertaken in good faith by all states, at the risk of atomic perdition. To assume good faith in vital security matters is in flagrant contradiction to overwhelming historical evidence; as of the date of this writing, it cannot be shown plausibly that the advent of the new technology has invalidated the significance of historical precedent. To postulate that it would be against the interests of a potential aggressor not to use nuclear weapons, especially if other nations would have lived up to their word and would be unprepared for nuclear warfare, is hazardous to the point of advocating political suicide. The lack of proper nuclear capabilities in peaceful states would provide the aggressor with unparalleled opportunities for attack and with an historically unprecedented chance of all-inclusive victory. The atomic bomb is an attractive weapon for the bolshevik. It places him within arms' length of fulfilling what was before an unattainable pipedream: The destruction of the United States and the accomplishment of world revolution, regardless of Russia's survival or demise. The nuclear bomb inevitably will become the aggressor's weapon par exellence. While the historical Alexanders, Napoleons, and Hitlers were pitiable illusionists, the atomically armed future aggressor may be the greatest military realist of all times, and hence end up as the first true world conqueror in history. This possibility is the fourth fact of the nuclear era.

Agreements of any kind, and surely those dealing with key security matters, presuppose mutual trust. International agreements are, or should be, similar to those found in private life—they must not be entered into unless they are based on a calculable minimum of confidence. No sane businessman ever deals with a person whose credit rating is bad and who has a record of defaulting on his debts. If a promissory international nuclear agreement were concluded in the present situation, it would produce the strongest sense of insecurity and fear. For this reason alone, it probably would become inoperable and conceivably lead to war.

No nation in its right mind would risk its security through destroying its atomic stockpile in reliance upon a mere diplomatic agreement. With large nuclear industries in existence, such a paper agreement could be broken easily and rapidly. Let us not forget that governments change and that few governments consider themselves bound by the promises of their predecessors. To have any security at all therefore, nations would have to retain readily usable nuclear weapons in their arsenals. There is no other insurance against breach of promise. But, then, we would be back at the point where we started, namely, at the existence of nuclear armaments. Naturally, it would be possible to conclude agreements limiting the number of nuclear weapons in the possession of each nation. Yet such agreements cannot be enforced in such a manner that violations would be made impossible; and presumably it would prove difficult to include in such agreements limitations on the number of defensive nuclear weapons.

No doubt, governments could pledge themselves not to use their nuclear weapons aggressively or offensively, and yet reserve the right to produce and maintain such weapons. It is conceivable that such an agreement would be kept. All that is necessary to make the agreement stick is to produce a military situation in which the employment of nuclear weapons would be equally harmful to both sides, and in any event, extremely harmful to the first user. If there were such a situation—which cannot be defined properly or predicted, and which hardly would be of a stable and lasting nature—the agreement would be superfluous: the belligerents anyway would act according to their best interests. By contrast, if there were a military situation in which it would be advantageous for one belligerent to initiate the employment of nuclear weapons, even at the price of retaliation, then in all likelihood the agreement would be disregarded. The chances are that, within the next 10 to 20 years, this latter rather than the former situation will prevail.

I will refrain from judging whether, at present, it would be advantageous for the United States to commit itself to the nonuse of nuclear weapons. The fact is that the United States Government has not made such a commitment (as little as it ever committed itself to forego the use of toxic gases). The effective abolition of nuclear weapons undoubtedly would reduce the dangers of a surprise attack against North America and also protect American cities. But this advantage would have to be paid for dearly and cannot be obtained without heavy risk.

The proscription of nuclear weapons would be meaningful only if the Armed Forces in their entirety were reorganized to wage nonnuclear war. In order to protect its security in the absence of nuclear weapons, the United States would have to acquire an entirely different military establishment. Any surface strategy replacing present air strategy would suffer from fatal geographical handicaps or, to phrase it differently, to compensate for Russia's advantages in a surface war, an extraordinary military effort of the United States would be necessary. For example, to balance Soviet ground strength, in such a manner that further Russian advances in Eurasia would not be invited, American land forces would have to be tripled and supporting air and naval forces be enlarged substantially; possibly the Strategic Air Command (nonnuclear) also would have to be doubled or tripled. The adoption of a nonnuclear air strategy would require even greater efforts. The maintenance of so considerably larger forces must demand a military budget on the order of $100 billion or more, and could not be done without compulsory military service, perhaps of 2 to 3 years' duration. Despite such an exertion, the security of key areas in Europe and Asia could not be guaranteed.

I do not know whether the United States can afford such a military outlay. I do know that long-lasting armaments of such a size would transform American society, and I doubt seriously that the United States soon would be inclined to arm on a $100 billion scale during peacetime. If this doubt were justified, then the abandonment of nuclear weapons could spell only the defeat, and ultimately the Communist domination, of the United States. And yet, despite our nuclear forbearance, we could not be sure that the United States would be spared atomic attacks. Certainly, in the closing phases of war in which the U. S. S. R. achieved air mastery, the Soviets would not refrain from using atomic weapons against American targets if the American Nation otherwise would fail to surrender; or the Soviets might use those bombs to further their objective of liquidating hostile classes. For that matter, a parallel argument can be made for the Soviet nation: Without nuclear weapons, the Soviets never can hope to defeat the United States. Hence, they will accept proscribing atomic weapons only after they have abandoned first their objective of world revolution.

Nuclear weapons are the key of modern military power, and hence the irreplaceable key to American security. This is the fifth fundamental fact of the nuclear problem. We are all free to deplore the situation but we are unable to change it unless we are willing to concede victory to the Communists and to surrender without resistance as, indeed, has been proposed.

Such counsels of despair—if made in good faith—result from an improper analysis of the problem. Many of those who have been participating in the nuclear argument find it difficult to understand that, within the present world situation, the avoidance of nuclear catastrophe is a military and political task. The nuclear problem is not susceptible to solutions by legal agreement, nor by any other trick aiming at the evanescence of nuclear weapons. This is the sixth fact with which we must come to grips. It is true there is no guaranty, even if suitable military and political techniqucs were used skillfully, that there will be no nuclear devastation. Nor is there any guaranty that these techniques, in fact, will be used with dexterity and imagination. Since, however, there is no practical alternative solution, we

must concentrate on the techniques which are available. If those who lose their time in chasing utopian butterflies could but devote some of their brainpower to the real problems before us, we might make some progress after all.

The military task, briefly, consists in maintaining armaments in such quantities and of such quality that the opponent of the United States will find it impossible to solve his military problem through the employment of nuclear weapons. More particularly, he must be prevented from knocking out the American retaliatory forces through surprise blows and delivering a substantial portion of his atomic stockpile on American targets. He also must be prevented from posing, as he does now, a unilateral nuclear threat to European and Asiatic countries. Once the various free nations have acquired quantities of nuclear explosives, the military problem becomes essentially a matter of delivery vehicles and defense systems, viz., of overall technological superiority, as well as of constant readiness and a gradual reduction of the vulnerability of cities and people.

This military problem is of major dimensions and it will continue to grow. I need add only that the American people and the peoples of other free nations have not yet understood fully the scope of their military responsibilities. I do not believe that in order to solve its military security problems, the United States will have to be turned into an "armed camp" (a cliché which many abuse to argue against proper preparedness), but the United States no longer can afford to have military budgets which fall far short of satisfying minimum requirements. Present American and allied armaments and technological programs have many gaps which any military expert can identify without difficulty. Insufficient forces in being and inadequate quantities of modern weapons, as well as poor command, alliance and decision-making structures which are not responsive to the requirements of rapid modern war, constitute an invitation to nuclear death, especially so since in a modern war the first battle may decide the outcome of the entire conflict. This is the seventh fact which we never should allow to be forgotten.

And we may immediately add the eighth fact that future wars hardly will be fought with weapons ordered and produced after the start of hostilities. Military and industrial mobilization after D-day is a concept which is not applicable to nuclear air war. Hence, war potentials have lost much of their significance, while forces in being and weapons stockpiles have become of crucial importance. This means that one of the main military assets of the United States, i. e., industrial superiority, no longer possesses its traditional significance. Current American military policies do not yet respond to this fundamental strategical change.

Politically, several different tasks have to be performed. There must be an effort to make all free nations understand that the dangers of atomic war cannot be obviated by paper promises, but only by painful security actions. There is further the task of inducing the free nations, including the United States, to acquire the ready military strengths they need. Third, there is the problem of convincing our allies and ourselves that we must sacrifice for our security and possibly accept economic hardship, in order to procure those weapon systems which are needed in a modern war rather than those which were needed half a generation ago. Phony security is the excessive hazard in the present phase of the nuclear age. This ninth fact of the period often has been willfully and perilously overlooked.

Such persuasions probably will not be feasible if they be done by words and dollars alone. Much more is needed. Let us mention the need, in many European countries, for a new concept of economy to bring about the transformation of old societies from paralytic structures, or at best slowly going concerns, into fast growing, open societies, in which discouragement and disaffection will give way to positive attitudes. It is at this point that nuclear technology, in its industrial applications, should be able to do wonders, not only because it will provide energy to areas where there are at present inadequate resources, but also because the establishment of new major industries must produce an economic upswing. The buildup of the nuclear and electrical industries could bring about a socioeconomic mutation which would result in a vast improvement of living standards and an easing, relatively speaking, of the armaments burden. An economic rebirth on a new technological basis would demonstrate that the disintegration of the old society has been halted and that progress again has become possible. Our 10th fundamental fact is that the industrial application of nuclear energy offers an excellent chance for the social strengthening of the free world. Lest the impression arise that no basic reforms are required in the United States, be it pointed out that there is an urgent need in this country to stimulate technological inventiveness and imagination and to bring about a more rapid exploitation of new inventions. To satisfy this need, undoubtedly, additional research funds may be required, but more important still would be the streamlining of overly long and constructed bureaucratic channels. American technological and industrial time lags are too long. This is the 11th fact to which we must pay attention.

The political task, of course, should include efforts to persuade Soviet leadership that it is unwise for them to pursue their goal of world domination after, and in spite of, the onset of the necleonic age: Unwise because nuclear technology has all but destroyed the last vestige of the Marxian argument that due to the scarcity of resources, the abolition of private ownership is the prerequisite for material well-being of all members of society; and unwise, further, because the continued pursuit of the revolutionary goal, in disregard of the dangers of nuclear war and of the unpopularity of the Soviet Government at home, may spell the doom of the Communist regime, regardless of what would happen to the free world.

Western statesmen should not tire in explaining and emphasizing those two points. If, ultimately, the Soviet Government were to accept those two propositions, a new era would have begun and unless a new aggressor were to arise, the danger of nuclear ruin ipso facto would have ended. Unfortunately, it is most probable that the Soviet Government, at least in its present composition, will not accept the truth of those propositions and, partly for reasons of intellectual blindness, partly because of its inability to abandon its ideology which it needs to legitimize its rule, and partly because of the inertia of its power machine, will continue its relentless and hazardous drive toward world domination. Hence, the threat of atomic devastation is posed anew.

In the absence of adequate powers of persuasion, the threat of nuclear aggression against the free world can be eliminated only if the Soviet Government is changed or replaced. An alternate, though less conclusive solution, would involve a substantial retraction of the Soviet power orbit. Shall we consider the need to weaken, modify, or replace the Soviet Government to be the 12th basic fact of the nuclear age?

An effective liberation policy appears as one of the few alternatives to continued life in the shadow of nuclear death, with its expensive and growing demands for constant military readiness. It is true that a policy of liberation in and by itself poses the threat of atomic conflict, the important difference being, however, that an initiative policy by the free world would make it impossible for the aggressor to rig the game entirely in his favor and to create situations which would be most favorable to his plans of attack. If the would-be aggressor were kept off balance and forced to busy himself with his own defenses rather than with offensive plans, the threat of atomic devastation might be diminished.

In the nuclear age, political and military initiative is an indispensible prerequisite of security, while loss of initiative poses insoluble problems. The term "initiative" is not used here as a circumlocution for preventive war. Hundreds of initiatives are possible without resort to military conflict. As an example of a successful American initiative, we may recall the decision to acquire the hydrogen bomb before the Soviet Union. However, the time may come when a dispassionate survey of the security problems of the free world would indicate that these problems cannot be solved except through the deliberate resort to force. We should hope that such a moment never will come. But we must remember that in order to secure our safety without an offensive strategy, our military posture would have to be strengthened considerably and that, conversely, if no such strengthening occurs, the fateful decision may become inevitable. It is easy to pronounce cliché opinions about this grave problem and to take pleasure in pointing out that preventive war is logical nonsense: War cannot be fought to prevent war. True; but war can, and occasionally must be fought to prevent disaster and perdition. Only one thing is worse than nuclear war: Defeat in such a war. And this is the 13th fact to which I wish to call attention.

Article I, section 10, paragraph 3 of the Constitution of the United States anticipated the need of initiative and offensive security actions in case of "imminent danger as will not admit of delay;" if such dangers occur, the States may "engage in war * * * without the consent of Congress." So long as the United States clings to the concept that under no possible circumstance will it initiate war, not even while the opponent is preparing to strike, so long the initiative will remain in Soviet hands. In the seven generations of its existence, the United States has waged quite a number of wars and in every one of them—this possibly includes World War II—the United States faced up to the ineluctable decision and initiated hostilities on its own volition. There is absolutely no factual basis for the contention that democracy abhors war. The very nature of democracy demands that it accept its responsibilities and that, while it should not seek war lightly and do everything to avoid conflict, it must fight if and when there is no other choice but the destruction of the democratic system. Has it not become apparent now that the world would be a better place—and that many millions of innocent human beings still would be alive—if Hitler had been stopped between 1933 and 1936? The concept for peace à outrance has proved to be unmanageable, excessively costly and utterly destructive.

No doubt, in the nuclear era, a war decision is of far graver import than a similar decision before 1945. Personally, I never would favor a war decision unless there is a clear, urgent, and immediate need to anticipate and forestall attack with no other solution being available, and unless there is no other way to avoid a clearly inevitable war at a later date and under significantly more unfavorable circumstances.

However, looking back at my own reactions of 20 years ago, I remember arguing, too, that war should be waged against Hitler only under conditions of extreme necessity. But was that policy so wise? Was it not based on the invalid assumption that the Nazi regime was unstable? Did this policy not provide Hitler with many trumps and allow him to outarm his opponents? Maybe the ideals of pacifism are so lofty that the price which we had to pay—and which in the end possibly will have

included a future world war III—was not too high. But again, was it such a good idea to refuse paying the relatively small price required to hold China during 1947 and 1949, seize North Korea in 1950, and liquidate Communist China after it actually had attacked United States forces? Far from embracing preventive war, the United States adopted a strategy of not fighting back and of deliberately averting its own victory. What did this new departure in militant peacefulness save for us in Southeast Asia? What will it have saved for us after Communist China and Russia will have developed modern industries and combined their military resources? Clearly, do we not have a policy of avoiding the smaller and easier wars to make the big and costly wars ever more inevitable? In any event, in proclaiming good intentions of peacefulness with respect to future wars we are forced to look hard at the 14th fact of the atomic age which, perhaps, is the most ominous of all: That in an atomic conflict the force which plans to strike second never may be in a position to strike at all.

In the discharge of its security duties toward itself, its allies, and toward the free world, the United States must seize the political initiative. Yet, this initiative cannot be seized so long as the opponent knows that the United States does not mean it seriously and will shrink away from the ultimate consequence. The United States also may have to seize the military initiative, but nothing effective can be done in either field so long as the opponent is allowed to count upon his double ability to determine the timing of the war and to strike the first blow. No sustained and successful American initiative is possible while the by far most important decision is left in Soviet hands.

Without vigorous initiative, there can be no liberation, nor can the Soviets be dissuaded from their clearly avowed aggressive intentions. Yet, unless this Soviet objective of world domination is eliminated, there is no real chance of avoiding war; and, naturally, unless the basic military initiatives are in free world hands, there will be no protection against devastation, loss of life and defeat, nor preservation of free institutions and democracy. We may get away with a policy of the least effort, but only if our opponent is thoroughly frightened by what we can do to him after we received his first blows. It is in the nature of atomic war that he has no overwhelming reason to be excessively frightened.

To sum it all up: We have a policy of avoiding war, but we have achieved only this—the danger of war is becoming ever more unmanageable. To keep the military situation under control and to preserve our democratic institutions, we shall have to make a stand at some time. On the basis of the record of the years 1933 to 1954, we can say confidently that the sooner and the firmer the United States will make this stand, the easier the task will be and the greater the chance of forestalling atomic warfare.

The world is full of unprecedented dangers. We may argue about the means by which the dangers could be overcome, if such means were utilized. But we should realize that, in all probability, the dangers will persist. It is easy to predict the doom of our civilization and quite unrewarding to propose concrete—and costly and unpopular—military and political measures aiming to insure the survival of that civilization. I cannot help feeling, however, that this civilization is a spiritual force and, therefore, not susceptible to physical destruction. In any event, it cannot survive if the people who live under its blessings display a deplorable weakness of conviction and lack the ethos of courage. Nor can this civilization survive if its intellectual elites, fearful of risk, effort, and self-assertion, advise collective political suicide. This is a statement which can be supported with historical evidence and which I intend to be an objective proposition. I realize that the advocacy of suicide is not always intentional and that praiseworthy desires often are the midwives of deadly proposals.

I would like to add, and say it clearly, that I have nothing but contempt for those who are willing to surrender to communism in order to avoid nuclear war and thus to assure the physical survival and the enslavement of the maximum number. If such a spirit were typical of the free society, our civilization would be dead now. I do not believe that doom is near, let alone that it has come. But I am worried that the voices of cowardice are heard far more often than the voices of determination. I, too, want my family and my friends to survive and I do want to live to the end of my natural days. Everyone has the instinctive animal fear of death. But it hardly pays to survive for the blessings of a slave existence and it will be intolerable to purchase survival through the betrayal of value and conscience. Policies cannot be based just on the instinct of self-preservation. Do intellectuals and politicians have a lesser moral obligation than the simple private of whom they expect that he sacrifice himself when ordered into battle? Our entire society has been pushed into mortal conflict. In some way, most of us are now manning a battle station. Must we not be true to our duties?

The issue of the present world conflict is whether communism will be victorious or be destroyed. The hydrogen bomb has not changed this issue, not by one iota. If the desire for freedom were a variable dependent on the expected rate of casualties, we should not even attempt to fight. If, however, national and individual freedom is our highest political value, then we should do our best to keep casualties to a minimum—even in the country of our opponent—but we should not be deterred by the cost of the conflict; the cost of defeat and of loss of principle would be still higher.

We are living today twice as long as the generations who conquered freedom for us and established the foundations of good government. Our task is to preserve and improve freedom for ourselves and for our descendants, and to bring freedom to those who still are enslaved. The way to solve a serious problem is not to distort or ignore it, but to handle it; to take all precautions which prudence imposes, to accept the irreducible risks, to bear the required responsibilities and to follow the dictates of one's conscience. To cringe before the enemy, to bewail fate even before it is known, to become paralyzed from fear and pessimism, and to abandon oneself to the visions of apocalyptic horror is despicable. It is moral self-destruction to which atomic devastation would add little but physical confirmation and merited punishment.

THIRTY-SEVENTH ANNIVERSARY OF ESTONIAN INDEPENDENCE

Mr. IVES. Mr. President, yesterday, February 24, marked the 37th anniversary of Estonian Independence Day. In joining my fellow Americans of Estonian descent in commemoration of this noteworthy event, I fervently hope that the reestablishment of a free Estonia is near. The forcible annexation of Estonia and her Baltic neighbors is a tragic reminder of the totalitarian imperialism of the Soviets. Although freedom in Estonia has fallen victim to the treacherous Communist tyranny, the gallant Estonian people remain firm in resisting their oppressors. Let us, on this anniversary, reaffirm our determination never to recognize the Soviet annexation of the Baltic nations, and express our fervent hope and prayer for their speedy liberation.

IMPORT DUTIES ON JAPANESE CRABMEAT

Mr. BUTLER. Mr. President, at the present time in Geneva, Switzerland, the United States is taking part in tariff concession negotiations with the Japanese.

Among the items subject to tariff concessions in favor of the Japanese is crabmeat. The announcement last fall that our country would consider tariff reductions on imported Japanese crabmeat was met with grave concern by members of this young American industry. The crabmeat industry finds even present import duties on Japanese crabmeat inadequate to assure fair competition with the crabmeat industry of Japan on the American market.

The Chesapeake Bay and its tributaries as bounded by my State of Maryland and the Commonwealth of Virginia to the south, constitutes the largest crabmeat producing area in our Nation, although substantial segments of this industry are also found along the Atlantic and Pacific coasts and the Gulf of Mexico. If provided with reasonable protection from unfair competition of foreign nations where, as an example, workmen receive but a fraction of what they are paid in America, this young American industry will grow and continue to furnish employment opportunities for thousands of our countrymen and make it possible for all Americans to enjoy this fine seafood at fair and reasonable prices.

There are many factors which ably demonstrate why tariff concessions on Japanese crabmeat should not be made. The President, under existing statutes, has the final discretion in determining whether such concessions shall be granted.

In order that these factors may be appropriately illuminated, I have been joined by a number of my colleagues in the Senate and also by a number of Members of the House of Representatives in presenting a petition to President Eisenhower, setting forth the basic reasons why present import duties on Japanese crabmeat should not be reduced at this time. In keeping with this goal, I ask unanimous consent that this petition, together with the names of the Members of the Senate and the Members of the House of Representatives who joined me in signing the petition be printed in the body of the RECORD.

There being no objection, the petition, together with the list of signers, was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON THE JUDICIARY,
February 9, 1955.

The PRESIDENT,
The White House,
Washington, D. C.

DEAR MR. PRESIDENT: We, the undersigned Members of Congress, acting on information we have received from the American Crab Packers Association which was presented in detail at hearings of the United States Tariff Commission and the Committee for Reciprocity Information last December, and

without being influenced by our views on the tariff policy of the administration as set forth in H. R. 1, do hereby petition you to instruct the proper authorities not to reduce the present tariffs on imported crabmeat from Japan or other countries at the forthcoming conference of the General Agreement on Tariffs and Trade to be held at Geneva, Switzerland. Our reasons in making this request are as follows:

1. The present tariffs of 15 percent ad valorem on fresh and frozen crabmeat and 22½ percent ad valorem on canned crabmeat, have apparently not obstructed or restricted the importations of such supplies as Japan, the principal producer, has had available for export to this country, since imports of crabmeat from Japan have increased from 480,000 pounds in 1948 to 3,800,000 pounds in 1953, a gain of 700 percent. In 1953 we imported 95 percent of the crabmeat that Japan exported.

2. Japanese crabmeat is now underselling the domestic in the United States market. The prices of the imported item are in keeping with the prices of other items of its class such as lobster and shrimp.

3. No sales effort or advertising is being used to promote the sales of imported crabmeat. If this were done it is quite evident that the market would absorb a much larger volume at present price levels. But big supplies suddenly dumped into the market would sell only at sacrifice prices.

4. It has been pointed out that, by the Potsdam Treaty, Russia took over 80 percent of Japan's crabbing grounds at the end of the last war. Our Government excluded Russian crab imports in 1951 because it was produced by slave labor. But Russia has tried repeatedly to enter the United States market with crabmeat via England and other free countries.

5. Japan, to increase her crab production to an extent that would materially help her economically, must secure the supply she lost to Russia. Fishing concessions to Japan, involving a return of these crabbing grounds, is the ace which Russia holds in the trade negotiations that are now being proposed between these two countries. For such agreements reached, Japan will likely pay heavily and Russia will benefit.

6. It was reported in a reliable London publication early last December and not contradicted since by the British Government, that five crab and salmon fleets supplied by the British Government, flying the British flag and under the protection of their Navy but manned by Japanese workers will fish the Siberian coastal waters in 1955. These reports as well as possible Russian and Japanese commercial agreements being discussed, lead one to suspect that the great crabbing grounds now in Russian hands will eventually be fished by Japan. In such a deal, the Russians are bound to be benefited while the American industry will suffer irreparable damage if the tariffs are lowered.

7. The American crab industry is not small. It employs 34,000 persons in 1,500 plants located in coastal towns of 17 States and Alaska. We do not think it should be considered expendable, certainly not under such circumstances.

8. The American crab industry is not mechanized. In fact it is more of a handicraft industry than is that of Japan because the crabs picked by Americans are so much smaller than those picked by Japanese. The American labor wage is more per hour than the Japanese pay for a day's work of unlimited hours. The Japanese pay 65 cents for picking a sufficient amount of meat to fill a case consisting of 48 tins, 6½ ounces each. For the same work, the American industry pays as high as $3.02. It is evident that the American industry cannot survive if the present tariffs are lowered.

9. The effect of imports of cheaply produced foreign fishery products has long been of concern to the Commitee on Merchant Marine and Fisheries of the House of Representatives, and to various Members of the Senate. During the 81st Congress the House approved a resolution expressing concern over the matter and calling it to the attention of the State Department.

10. We understand the objectives of the overall tariff policy of the administration but we feel justified in calling to your personal attention such cases as this one, where a lowering of the tariff apparently will not help Japan materially but may benefit Russia and surely will do great damage and cause unemployment needlessly in an industry that is important to our State and our Nation.

We, therefore, petition you not to lower the tariff but to give the matter more time to adjust itself, in the manner it seems to be doing now, without undue hardship to either country.

Sincerely,

JOHN M. BUTLER, United States Senator, Maryland; HARRY F. BYRD, United States Senator, Virginia; FREDERICK G. PAYNE, United States Senator, Maine; WARREN G. MAGNUSON, United States Senator, Washington; STROM THURMOND, United States Senator, South Carolina; W. KERR SCOTT, United States Senator, North Carolina; J. GLENN BEALL, United States Senator, Maryland; OLIN D. JOHNSTON, United States Senator, South Carolina; SAM J. ERVIN, JR., United States Senator, North Carolina; ALLEN J. ELLENDER, United States Senator, Louisiana; MARGARET CHASE SMITH, United States Senator, Maine; RUSSELL B. LONG, United States Senator, Louisiana; THOR C. TOLLEFSON, Representative, Washington; RUSSELL V. MACK, Representative, Washington; JACK WESTLAND, Representative, Washington; WALT HORAN, Representative, Washington; HUBERT B. SCUDDER, Representative, California; J. ARTHUR YOUNGER, Representative, California; JAMES B. UTT, Representative, California; CHARLES M. TEAGUE, Representative, California; CRAIG HOSMER, Representative, California; JOE HOLT, Representative, California; CARL HINSHAW, Representative, California; JOHN PHILLIPS, Representative, California; BOB WILSON, Representative, California; JOHN F. SHELLEY, Representative, California; GEORGE P. MILLER, Representative, California; JOHN E. MOSS, Jr., Representative, California; LEROY JOHNSON, Representative, California; GLENARD P. LIPSCOMB, Representative, California; B. F. SISK, Representative, California; JOHN F. BALDWIN, Representative, California; E. W. HIESTAND, Representative, California; JOHN J. ALLEN, Jr., Representative, California; CHET HOLIFIELD, Representative, California; GORDON L. MCDONOUGH, Representative, California; CHARLES S. GUBSER, Representative, California; CLYDE DOYLE, Representative, California; HARRY R. SHEPPARD, Representative, California; JAMES ROOSEVELT, Representative, California; PAT HILLINGS, Representative, California; CLAIR ENGLE, Representative, California; CECIL R. KING, Representative, California; WALTER NORBLAD, Representative, Oregon; SAM COON, Representative, Oregon; W. J. BRYAN DORN, Representative, South Carolina; JAMES A. HALEY, Representative, Florida; EDWARD J. ROBESON, Jr., Representative, Virginia; HENDERSON LANHAM, Representative, Georgia; HERBERT C. BONNER, Representative, North Carolina; WILLIAM M. COLMER, Representative, Mississippi; JOHN L. MCMILLAN, Representative, South Carolina; CHARLES E. BENNETT, Representative, Florida; JOHN J. RILEY, Representative, South Carolina; GRAHAM A. BARDEN, Representative, North Carolina; L. MENDEL RIVERS, Representative, South Carolina; PRINCE H. PRESTON, Representative, Georgia; HOWARD W. SMITH, Representative, Virginia; THOMAS G. ABERNETHY, Representative, Mississippi; E. E. WILLIS, Representative, Louisiana; BOB SIKES, Representative, Florida; ARTHUR WINSTEAD, Representative, Mississippi; ALBERT RAINS, Representative, Alabama; T. A. THOMPSON, Representative, Louisiana; JAMIE L. WHITTEN, Representative, Louisiana; HALE BOGGS, Representative, Louisiana; JAMES H. MORRISON, Representative, Louisiana; F. EDWARD HÉBERT, Representative, Louisiana; GEORGE S. LONG, Representative, Louisiana; D. R. (BILLY) MATTHEWS, Representative, Florida; PHIL M. LANDRUM, Representative, Georgia; L. H. FOUNTAIN, Representative, North Carolina; GEORGE H. FALLON, Representative, Maryland; EDWARD A. GARMATZ, Representative, Maryland; EDWARD T. MILLER, Representative, Maryland; J. P. S. DEVEREAUX, Representative, Maryland; SAMUEL N. FRIEDEL, Representative, Maryland; DEWITT S. HYDE, Representative, Maryland, RICHARD E. LANGFORD, Representative, Maryland; OTTO E. PASSMAN, Representative, Louisiana.

THE CONDITION OF FARM WORKERS IN 1954

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, to be associated with the remarks I shall now make, a report to the board of directors of National Sharecroppers Fund, Inc., by Fay Bennett, executive secretary.

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

THE CONDITION OF FARM WORKERS IN 1954

(Report to the board of directors of National Sharecroppers Fund, by Fay Bennett, executive secretary)

Significant beginnings were made in 1954 in the recognition by the Federal Government of a responsibility toward the farm worker, both resident and migrant.

LEGISLATION—NATIONAL

The most encouraging development was the inclusion for the first time of a large percentage of farm workers under the old-age and survivors' insurance provisions of the Social Security Act. All farm workers earning as much as $100 a year from a single employer are now included. This covers virtually all resident farm wageworkers and a large number of the migrants as well.

Farm workers still lack the protection given industrial workers through minimum wage and maximum hour legislation, unemployment insurance, and Federal guaranties of their right to organize and bargain collectively.

Migrant workers achieved specific legislative recognition with the appropriation for the establishment of the Interdepartmental Committee on Migratory Labor (within the Bureau of Labor Standards of the Department of Labor) to co-ordinate the various Federal departmental activities in this field. Unfortunately, the President's meagre budgetary request for this important work was halved to $50,000. It is hoped that this new Federal committee, despite its small budget, will make an effective start toward stimulating and strengthening the activities of the several agencies now dealing with some aspect of the domestic migrant problem. Such

a start will point up the need for larger appropriations.

Still unprovided for is a needed Federal commission on imported migrant workers. Some aspects of this problem will be dealt with in the discussion of Mexican workers.

LEGISLATION—STATE

A few scattered States were notable for active governmental concern with—and some remedial legislation for—the migrant problem. Some highlights:

New York: The prior-established joint legislative committee on migrant labor made intensive studies of living conditions in migrant camps, goaded by newspaper revelations of horrible conditions and spurred by pressure from private organizations. Legislative authorization resulted in the adoption at year's end, January 1955, of a new code of health and sanitary regulations. High standards of safety against fire, water pollution, food and milk spoilage, and bathing and toilet contamination are required. A minimum floor space in sleeping quarters of 30 square feet for each person over 2 years old is provided for. If adequate inspection renders these rules effective in the coming year, a distinct advance will have been made in this most pressing aspect of the migrant labor problem.

Pennsylvania: For the first time, State funds were appropriated for the establishment of a day-care center for migrant children. Augmented by Federal and private funds, it is a notable example of practical cooperation between State agencies and citizen groups. The Pennsylvania Citizens Committee on Migratory Labor deserves prime credit for this achievement. National sharecroppers fund is gratified that its financial aid has helped make this work possible and looks forward to continuing cooperation in the citizens committee's program for better health, housing, working conditions, and minimum wages.

New Jersey: The 9-year old joint governmental-public migrant labor board continues to direct and stimulate the State's program administered through the migrant-labor division (now the bureau of migrant labor) of the department of labor. A significant development was the operation of the recent law including farm-labor contractors (crew leaders primarily) under private employment agency regulation. The chief effect of this regulation has been to encourage payment of the worker directly and thus reduce his financial dependence on the crew leader. New Jersey has continued its experiment with a summer school for migrant children. It is hoped that out of this experience there will soon evolve a more comprehensive program which will include all, rather than a hundred or so, migrant children and that this program will be adapted by other States to their needs—perhaps with Federal aid.

In sharp contrast to these few forward steps on the State level is the more nearly typical situation existing in Maryland. Here not only has there been no official governmental recognition of the problem, despite the presence of over 10,000 migrant farm workers during the course of the year, but residency requirements ranging up to 1 year exclude most migrants from public welfare, hospitalization, and medical care. No provision is made for periodic inspection of farm labor camps and no special provisions are made for schooling. Like most States, Maryland fails to provide for workmen's compensation for injured farm workers. Only Ohio, Hawaii, and Puerto Rico provide for compulsory coverage of farm workers on the same basis as other workers.

PUERTO RICAN WORKERS ON THE MAINLAND

Puerto Rican workers coming to the mainland were the only group of domestic farm workers to receive Federal protection in wages, housing, and working conditions. In 1954, 10,800 of them came under work agreements prepared by the Puerto Rican department of labor and cleared for placement by the United States Employment Service. Early drought and late hurricanes had reduced this work force by 4,200 under 1953.

It is estimated that at least 10,000 more Puerto Rican farm workers came to the mainland without formal contracts and that in recent years 5,000 to 6,000 of them have become part of the year-round migratory stream. Despite some serious drawbacks to the Puerto Rican program, such as denial of union representation or of worker participation in the determination of the prevailing wage, it has demonstrated the feasibility of direct remedial action by the Government in the field of domestic farm labor.

MEXICAN WORKERS IN THE UNITED STATES

The Southwest farm operators' claimed dependency upon Mexican workers which has encouraged over 1 million illegal entries a year continued unabated during the first half of the year. By that time a large part of the crops of California, Arizona, New Mexico, and Texas had been planted and cultivated by illegal (wetback) Mexican labor, often at pay as low as 25 cents an hour. The domestic labor force had been driven out to swell the size, and depress the conditions, of migrant labor in other parts of the country.

By June public opinion forced Attorney General Brownell to take action. With an augmented border patrol, the Justice Department cracked down on wetbacks. In a 4-month period, 300,000 Mexican illegals were arrested and deported, or frightened back across the border.

The operators' outcry against this loss of cheap labor was met by a quick stepup of the legal Mexican contract labor system. A preliminary screening station was established at Monterey, 150 miles south of the border. From there, the certified bracero (farm worker) went to border recruiting centers where, after physical examination, chest X-ray, and fingerprinting, he was hired by corporation farmers or farmer associations for work in Government-certified labor shortage areas. Under the work contract, Mexicans received guaranties of 50 cents an hour minimum wage, at least 3 weeks work out of 4, workmen's compensation, adequate food and housing at reasonable prices. No such guaranties were available to any domestic worker except the Puerto Rican.

Three hundred nine thousand and thirty-three Mexican nationals were legally imported under contract in 1954, a 54 percent increase over 1953's 201,380 total.

The growing magnitude of this problem cannot be solved by an annual "crisis" deportation drive against the illegals nor by legalized Mexicans working at 50 cents an hour. This minimum becomes the maximum and creates the domestic shortage that is the excuse for the importation. National Sharecroppers Fund favors last year's Senate Judiciary Committee proposals for more stringent penalties on those who participate in the traffic in illegal entry. NSF believes that the alleged domestic labor shortage in the area is artificially created by pay rates too low for decent living. NSF favors legal importation, only if the contracts are enforced[1] and the minimum raised to a wage where a domestic worker can support his family without putting his wife and children to toil in the fields. Finally, NSF believes that the domestic farm worker is entitled to the same Federal protection that the imported worker enjoys, and which has long been taken for granted by the city worker.

[1] On November 1, 1954, the U. S. Department of Labor and the Texas Employment Service had less than a dozen compliance officers to enforce the Mexican workers contract. At that time, there were 16,570 employers hiring 96,532 Mexicans in the State.

THE SOUTH

While the sharecropper system is on the decline with increased mechanization and diversification throwing the 'cropper into the day labor and migrant stream, it continues to be the prime producer of the crop in many areas. National Sharecroppers Fund, concerned with the problems of all farm labor, has always done what it can to help the efforts of this group to help itself. NSF is particularly happy to report that at least one group of sharecroppers in Alabama, barely eking out subsistence, is seeking to meet this problem of mechanization by banding together for the joint purchase of a tractor and other equipment. NSF hopes to help in this and other such projects which might well be one solution to the problem of keeping the landless from becoming the homeless.

Closely akin to the sharecroppers are the farm workers who, while primarily needed for day labor at peak seasons, live on the plantations in planter-owned shacks and trade on credit in planter-owned stores. Typical of this group are the sugarcane and rice workers of Louisiana.

In the fall of 1953, 2,000 sugarcane workers, organized by the National Agricultural Workers Union—AFL, went on strike (after exhausting all other means) to better their miserable living and working conditions. (Average yearly family earnings: $700–$1,200.) Despite the help of National Sharecroppers Fund and other organizations, the strike was broken through antilabor injunctions, a type of court interference that long has been a thing of the past in industry. The injunctions were appealed and, after almost a year, the Louisiana Supreme Court ruled that the injunctions were valid because the strike during the harvest season jeopardized a vital segment of the economy of the State. Chief Justice Fournet said in his decision: "The guaranties of freedom of speech, even if picketing and speech are held to be identical, cannot be maintained in the face of such irreparable injury to property." If this doctrine is permitted to stand, the workers in a major industry of any State may be enjoined from striking at a crucial production period. The union attorneys are preparing an appeal to the United States Supreme Court.

The rice workers of the same area have appealed to the National Agricultural Workers Union for help in organizing. These Cajun-speaking workers, about equally divided between Negro and white, earn 35 cents to 40 cents an hour during the season. They work 10 to 12 hours a day, irrigating the canals essential to rice production. Louisiana is the second largest rice-producing area in the world. There should be significant developments soon in this effort of the workers to gain a decent measure of return for their work.

SMALL FARMER COOPERATION

The small farmer, squeezed between the large operators and the distributors of the farm product, has long tried to better his bargaining position through marketing cooperatives in many areas. Only recently, however, has he begun to recognize that his interests are more nearly those of the worker than of the corporation farmer.

The attempt of 3,000 small Louisiana strawberry growers to market their product in 1952 and 1953 through the Fruit and Vegetable Producers Union, AFL was thwarted by the institution of a Sherman Anti-Trust Act prosecution against them. It is ironical that these farmers, whose average yearly earnings from strawberries were less than $400, were convicted of being a strawberry trust and their union leader was given the maximum sentence under the law—$5,000 fine and a 1 year (suspended) prison sentence. A recent report from the Attorney General indicates that rarely is such a sen-

tence imposed in cases involving corporations.

Partly out of this bitter experience, the National Agricultural Workers Union has established a Department of Cooperative Unions. This department will accept into affiliation cooperative marketing associations of small farmers set up in compliance with Federal and State law. Thus the ability and strength of union organization and cooperative marketing will be pooled to raise the living standards of the small farmer.

First result of this program was the organization of 300 small dairy farmers in northeastern Pennsylvania. Other dairy groups have been formed in Maryland, Minnesota, West Virginia, and Wisconsin. In the offing is the reorganization of the Louisiana Fruit and Vegetable Producers Union.

EDUCATION OF MIGRANT CHILDREN

A major emphasis of national sharecroppers fund in the last year has been education of migrant children. NSF has joined with 6 other organizations in launching a demonstration project in Florida and Virginia. It will attempt to alleviate the educational disruption of the child who when school opens in the fall finds himself on the eastern shore of Virginia where his parents harvest the late crop, returns to Florida to enter class late in November, and starts north again in April. Such a schedule results in little education and early drop-outs. The project has established, in cooperation with the local boards of education, a supervisor of migrant education, who will work with the local schools and travel with the migrants. She will see that the children get to school and that they have their proper records. She will work with the teachers to coordinate the curricula and see that the migrant child gets the special help he needs to integrate him with his nonmigrating classmate.

To continue this work, NSF has helped organize the migrant children's fund, whose main aim is to develop and promote educational opportunities for migrant children who, studies show, become retarded through constant migration though their native abilities measure up to those children not constantly on the move.

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR

Now in its fifth year of operation, this national council serves its large number of affiliated organizations with up-to-the-minute news of the Washington scene affecting farm labor and the small family farmer. National sharecroppers fund is an active participant in the council's program and supplies financial support as well.

Over the years, national sharecroppers fund, conscientious news reporters, and concerned groups of citizens have been gradually educating the American public concerning the plight of the sharecropper, tenant farmer, and migrant farm worker. As this report shows, advances are being made in some areas. It is to be hoped that the fund's supporters will renew and expand their generous support of our work in 1955.

Mr. MORSE. Mr. President, I wish to call the particular attention of the Senate to the section dealing with the importation of Mexican farm workers. Although under the work contracts they receive guaranties of 50 cents an hour minimum wage, we continue to receive reports to the effect that wages as low as 25 cents an hour are being paid both to contract workers and to illegal wetbacks.

I also call particular attention to the portion of the report dealing with the State of Louisiana. The report points out that employers in Louisiana claim the right to prevent labor from organizing in farm industry. The report shows that a judge issued injunctions against a strike by farm workers in the harvest fields in that State.

The injunction was upheld a year later by the Lousiana Supreme Court on the ground that the workers did not have the right to strike during the harvesting season. That case is being appealed to the United States Supreme Court. If it should ever become universal law in this country, it would amount to breaking the back of the economic strength of organized labor.

It is a rather novel ruling that labor should have the right to strike only when it would not do any injury to the employer. That would destroy the economic strength derived from the right to strike in American industrial relations. It is a very disturbing decision. Of course, it is a long step backward to government by injunction in the United States in the field of industrial relations.

I particularly urge my colleagues to read this report, because it is clear evidence that we still have a long way to go before economic justice is done to the people in the low wage brackets, particularly agricultural workers, who, in many sections of the country, are looked upon as human beings who do not even have the right to organize.

THE PRESIDENT pro tempore. Morning business is concluded.

THE SHAWNEE AND JOPPA POWERPLANTS

Mr. GOLDWATER. Mr. President, last Friday reference was made on the floor of the Senate to what was called the "Ebasco fiasco." Unfortunately, I was unable to be present at that time, or I would have replied to the statement.

In my own State of Arizona a large oil refinery is to be built by Ebasco. Having perfect confidence in the ability of the people of my State to select companies which can do the work and which are honorable, I wish to make a brief statement in reply to the remarks last Friday.

For a while, Mr. President, we heard a great deal about how TVA had outstripped private industry in building the Shawnee powerplant, which is comparable to the Joppa plant built by Electric Energy, Inc., but we have not heard so much about that recently. I wonder if the court case in East St. Louis had anything to do with causing less discussion of the comparison. The chances are that most of us are not informed about this court case. Before the trial, public power enthusiasts made a great deal of to-do about the Ebasco fiasco and their statements received wide publicity. But outside the St. Louis area one really had to search to find information about the indictment, trial, conviction, and sentencing of two big labor racketeers for their nefarious operations on the Joppa plant which was being constructed by Ebasco.

It never did make sense to me that an organization with some 70 or 80 leading utility companies as clients, a company that had designed and built more powerplants than any other single organization in the world, would make a flop on a plant so important as the one at Joppa, unless something happened that was entirely beyond their control. Any reasonable man would know that Ebasco realized it was in competition with TVA and that if TVA outdid it on the job, they would advertise the fact to the world.

I know a little about Ebasco. I know they have built some of the finest, cheapest, and most economical plants in the world. They have done most of the engineering, and some of the construction, for the Public Service Company of Arizona, a large utility serving my State. I know the management of Public Service sufficiently well to be confident that it would not tolerate inefficiency or incompetency 5 minutes, so I know those who get its work, and continue to get it, must be good.

But getting back to the East St. Louis trial: Irving R. Dale and James Bateman, large southern Illinois labor leaders, were found guilty of attempting to extort $1,030,000 from Ebasco, which was building the Joppa plant. They did extort $7,500 from Maxon Construction Co., which had subcontracted a part of the work.

When these racketeers failed to get the money out of Ebasco, the company was plagued with a series of strikes. Another peculiar thing about the whole transaction is that the strikes were not against the company for unfair labor practices or anything like that, but were jurisdictional strikes. There were more than 40 strikes and 23 partial shutdowns. Twenty percent of the working time was lost because of these strikes. But the strikes were not the worst part of this deal. Those familiar with construction know that when an operation is plagued with one strike right after another, even during the time men are working there is a slowing down. The slowdown is worse than the strike. When men are giving a third or a half a day's work for a day's pay the cost is heavy. At least when they are out on strike the employer has only the overhead going on and he does not have to pay the men who are not producing.

This whole thing has a smell to me, and I am not sure the whole story has yet been told by any manner of means. Its a strange coincidence that many of the strongest supporters of Government power are backed by labor and are willing to give labor anything it wants. And, by the same token, most of the segments of organized labor have been strong proponents of TVA and other Government power developments. Could it be that labor, too, realized the competition between private industry and TVA and undertook to see that TVA won the contest?

If I was boosting TVA I would be very quiet on this subject.

I have here a press release dated January 1, 1955, from the Department of Justice. I desire to read one paragraph from this release:

The flagrant example of the type of situation involved can be found in the Evan Dale case in the southern district of Illinois. Dale gained complete domination of the rank

and file of his union. He then used this control, plus terrorism, to intimidate contractors and sabotage construction work for his own personal gain. Actions of Dale and his associates have been estimated to have cost the Government more than $51 million during construction of the Joppa, Ill., powerplant for the Atomic Energy Commission. He and another labor leader, James Bateman, convicted of attempting and conspiring to extort more than $1,030,000 from the original contractors for the plant.

Mr. President, I ask unanimous consent that at this point in my remarks there be printed a press release issued by the Department of Justice on January 1, 1955.

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

DEPARTMENT OF JUSTICE

Assistant Attorney General Warren Olney III said today that major progress was made against labor racketeering during 1954 by the Department of Justice with the cooperation of responsible union officials.

Reporting to Attorney General Herbert Brownell, Jr., on the 1954 activities of the Department's Criminal Division, which Mr. Olney heads, the Assistant Attorney General said:

"Creation in 1954 of an Organized Crime and Racketeering Section was an important development in the work of fighting crime. The section serves as a national filter for all information pertaining to organized criminal activity. By coordinating work of the other sections of the Division where criminal activity cuts across several fields, it is proving a sharp weapon against racketeering in all forms.

"A particular result is that approximately 50 investigations of extortion or bribery now are being initiated every month under the Labor Management Relations Act and the Anti-Racketeering Statute (the Hobbs Act). In 1953, there were 19 labor racketeering indictments involving 44 defendants under these 2 laws. In 1954 there were 37 indictments involving 65 defendants. There were 28 convictions in 1954; none in 1953.

"A flagrant example of the type of situation involved can be found in the Evan Dale case in the southern district of Illinois. Dale gained complete domination of the rank and file of his union. He then used this control, plus terrorism, to intimidate contractors and sabotage construction work for his own personal gain. Actions of Dale and his associates have been estimated to have cost the Government more than $51 million during construction of the Joppa, Ill., powerplant for the Atomic Energy Commission. He and another labor leader, James Bateman, convicted of attempting and conspiring to extort more than $1,030,000 from the original contractors for the plant."

Mr. GOLDWATER. Mr. President, I ask unanimous consent that at this point in my remarks there be printed a series of newspaper articles dealing with the situation I have been discussing.

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

[From the St. Louis Post-Dispatch of November 30, 1954]

BUILDERS' AGENT TELLS OF $7,500 IN PAYOFFS MADE TO UNIONIST DALE—WITNESS IN RACKETS TRIAL SAYS HE GAVE CASH TO DEFENDANT FOR PROMISES TO HALT JOPPA LABOR TIEUPS

Payoffs totaling $7,500 were made to Evan R. Dale, southern Illinois boss of the AFL Laborer's Union, in exchange for assurances that work stoppages plaguing a subcontractor on the Joppa (Ill.) atomic facility would cease, a witness testified today in United States District Court at East St. Louis.

Thomas J. Scott, resident construction engineer for the Maxon Construction Co., of Dayton, Ohio, said he made the payments in 4 installments in 1952, delivering the cash to Dale personally in sealed envelopes. The first payment was made March 17, he said, and the final one was made September 17.

Scott, a large, gray-haired man, bowed his head as he testified. He spoke in a low voice, haltingly, and flushed as he described the payoffs.

DALE LISTENS INTENTLY

Dale, seated near the front of the defendants' counsel table, leaned forward and listened intently to the testimony. He is on trial with James Bateman, another southern Illinois labor leader, on charges of violating the Federal Antiracketeering Act.

Dale alone is charged in 1 count of a 3-count indictment with extorting the $7,500 from the Maxon firm. He and Bateman together are alleged to have attempted to extort $1,030,000 from Ebasco Services, Inc., of New York, general contractor on the $197 million Joppa job.

Scott testified he and other officers of the Maxon Co. became alarmed in July 1951 at the number of work stoppages which had occurred on their job of constructing a water intake structure, a discharge well, and a loading dock for the Ebasco firm. Work had started in May, he said, and laborers were walking off the job at least once a week.

SOUGHT INTERVIEW WITH DALE

As a result of this concern, he testified, he sought an interview with Dale, who controlled a labor pool of 30,000 men for work on the Joppa Job and also for large atomic energy construction projects at Paducah, Ky., and Shawnee, Ky. He met with Dale at a hotel bar in Cairo, Ill., he recalled.

"Dale told me he wasn't expecting me, but had expected one of the big boys," Scott said. "At this meeting he asked me how much our job was and I said it was $863,000."

The witness said he saw Dale again several days later. At the second meeting, he said, Dale told him the customary price for labor peace in southern Illinois was a flat 1 percent of the contract "in cash."

Scott testified he agreed to pay Dale after holding several conferences with other officers of his company. Labor troubles ceased for the Maxon company, he added, although no payments were made immediately.

Early in 1952, he said Dale summoned him to the labor chief's office at Carbondale, Ill.

DALE SAID HE NEEDED MONEY

"Dale told me it was being rumored around that Maxon Construction Co. had already paid off", the witness said. "He said his associates had begun to believe this and were concluding that, he (Dale) was holding out. Dale said he needed the money right now."

The figure of $7,500 was agreed upon at this conference, Scott said.

Asked by Assistant United States Attorney Edward G. Maag if he actually paid any money to Dale, the witness said:

"I did. I paid him a total of $7,500. I made four payments. The first time was about March 17, 1952, in the men's room of the Embassy Club at Cairo, Ill. I gave Dale the money in a brown manila envelope. He counted it and put it in his pocket. It was $2,000 in cash."

Scott testified the next two payments also were $2,000 each and were made at Dale's Carbondale office April 23 and June 3. The final payment, he said, was for $1,500 and was turned over to Dale at the Carbondale office September 17, in each case the money was carried in a brown manila envelope, he said.

The witness said he obtained the payoff money from John E. Burke, vice president and treasurer of the Maxon company, and that Burke knew for what purpose it was to be used.

TELLS OF ANOTHER CONVERSATION

A conversation he had with Edward M. Marselli, assistant general plant superintendent for Electric Energy, Inc., for whom the Joppa plant was built, was also related by Scott.

"I was talking to him on July 24, 1951", Scott testified, "and I told him about Dale's statement that the customary price for labor peace in southern Illinois was 1 percent of the contract.

"Marselli gave a long, low whistle. He said, 'One percent of $100 million amounts to $1 million.' "

Scott testified Marselli was referring to the estimated overall cost of the Joppa contract which at that time was $130 million.

In his opening statement to a jury of six men and six women, Maag outlined details of the alleged Maxon shakedown as given in Scott's testimony.

He said Dale told Scott and other representatives of companies working on the Joppa project that he (Dale) was the boss in southern Illinois and must be paid for labor peace.

DEMANDS ON EBASCO COMPANY

In support of the other two counts, Maag said the Government would prove that Dale made similar demands of Ebasco Co. and that work stoppages and jurisdictional disputes among unions continued for more than 18 months after the general contractor refused to pay off.

He said that Bateman, a business representative of a Murphysboro (Ill.) local of the AFL pipefitters' union, took part in several conferences where demands were made. Dale, who lives at Carbondale, is the most powerful southern Illinois figure in the AFL construction laborers' union.

For the defense Fletcher Lewis of Murphysboro, attorney for Bateman, said his client had "done everything humanly possible" to stop jurisdictional disputes at Joppa. Bateman's union was involved in only 3 of 43 work stoppages, he said, and Bateman was named chairman of a conference of business agents to mediate and prevent jurisdictional trouble.

General denials of the Government's charges were made in behalf of Dale.

A last minute motion to dismiss the indictment on which Dale and Bateman are being tried was filed this morning by defense attorney John J. Hoban of East St. Louis, but it was overruled by United States District Judge Fred L. Wham.

The motion contended that Dale had been deprived of his constitutional rights when he was called before a Federal grand jury in St. Louis, in June 1953, and asked to give testimony about labor trouble at Joppa.

OTHERS AIDING MAAG

Working with Maag in presentation of the Government's case were United States Attorney Clifford Raemer and Tom E. DeWolfe and Ben Brooks, assistant attorneys general assigned from the trial division of the Department of Justice.

The jury was selected yesterday after an all-day session. Two alternates, a man and a woman, also were chosen.

Dale is represented by Hoban and Bateman by Lewis and John M. Karns of East St. Louis.

Judge Wham questioned prospective jurors exhaustively, asking if they had any union affiliations, if close relatives belonged to unions, if they were employers of union labor and if they were prejudiced against organized labor.

He dismissed 5 men who expressed a bias against labor and said they thought this would influence their verdict. The defense challenged 11 and the Government 5.

The jury was placed in custody of the United States marshal for the duration of the trial.

MEMBERS OF JURY

Members of the jury are Dwight B. Bailor, coal miner, Valier; Oliver Breidicker, vice president, First National Bank, East St. Louis; Michael Brennan, office manager, Ames Construction Co., East St. Louis; Mrs. Virginia Cover, Tunnel Hill; Daniel Gover, insurance agent, Mattoon; Mrs. Carmen Hutchcraft, Fairfield; Edwin Kleeman, farmer, Nashville, Mrs. June Klein, Pinckneyville; Bert Knoll, farmer, Danville; Mrs. Mildred Meyer, Walsh; Mrs. Mildred Molique, East St. Louis, and Mrs. Martha Mueller, Carlyle.

Alternates are Gilbert Potts, store manager, Altamont and Mrs. Virginia Richard, Pinckneyville.

The second count alleges an attempt to extort the money from representatives of the general contractor, Ebasco Services, Inc., of New York, recognized as one of the largest constructors of utility powerplants in the world.

The first count of the indictment charges Dale and Bateman with conspiring to obstruct and delay interstate commerce by demanding payment of the $1,030,000 in exchange for industrial peace at the Joppa plant.

The Joppa plant, built to supply power for the atomic energy gaseous diffusion plant at Paducah, Ky., was constructed for Electric Energy, Inc., an organization of five private utilities. It was plagued with work stoppages, which began the same month the first alleged shakedown attempt was made.

Cost of construction increased $58 million over the original estimate. Staff employees of the Atomic Energy Commission have testified the added costs were due largely to strikes and labor trouble. Four generators are now in operation.

The labor strife, mostly jurisdictional disputes between unions, continued for 18 months. Finally, in the summer of 1953, Electric Energy, Inc., took the contract away from Ebasco and turned it over to another firm.

[From the St. Louis Post-Dispatch of December 1, 1954]

WITNESS TELLS OF DECISION NOT TO PAY OFF DALE—COMBINE AGENT TESTIFIES ON MEETING REFUSING $1,030,000 SOUGHT BY UNIONIST

Testimony about a St. Louis conference in which high level utility and construction company officials decided against making a $1,030,000 payoff to Evan R. Dale, southern Illinois boss of the AFL Laborers' Union, was given in United States district court today at Dale's trial on labor-racketeering charges.

The witness, Turner White, Jr., vice president and general manager of Electric Energy, Inc., a combine of 5 private utilities organized to build and operate an atomic-energy facility at Joppa, Ill., said 3 company representatives attending the meeting reported demands made on them by Dale to permit peaceful completion of the project.

White was permitted to testify about the meeting only because Defense Attorney John J. Hoban had insisted on asking him questions relating to whether he had ever received any direct threats from Dale.

PROSECUTOR OBJECTS

Since Assistant United States Attorney Edward G. Maag had interrogated White only about contracts, the Government prosecutor objected to Hoban's line of questioning.

United States District Judge Fred L. Wham at first sustained the objection, but when Hoban announced he would call White as a defense witness the judge permitted him to continue.

Hoban then drew from White a statement that Dale had made no direct threats.

This gave Maag an opportunity to ask if any indirect threats were made.

"All I know is what was reported to me by Mr. Marselli (Edward M. Marselli, assistant plant superintendent for Electric Energy, Inc.)," the witness replied. "He reported on his conversations with Dale in which he was told to see another man who told him it would take 1 percent of the contract to stop our troubles."

White said Marselli's report was made at the high level conference in St. Louis, held in the late summer of 1951. Among those attending the meeting, he said, were J. Wesley McAfee, president of Union Electric Co., of Missouri, and also of Electric Energy, Inc.; Ralph E. Moody, a vice president of Electric Energy, and a number of Ebasco officials, including Kemp W. Reese, Fred Gardner, Clinton J. Sammond, and Arthur J. Mohan.

OTHERS REPORTING DEMANDS

Asked if anyone at the meeting besides Marselli reported demands made on them, White said that Garner and Reese had so reported. He did not elaborate.

Sammond, industrial relations consultant for Ebasco Services, Inc., a New York firm of contractors and consultants, testified earlier about a conference with labor leaders at Cairo, Ill., in which Dale boasted of his power and said the Joppa job would never be completed unless Ebasco learned to do business his way.

This testimony was corroborated, in its main parts, by Fred J. Daugherty, president of Daugherty Co., Inc., of Youngstown, Ohio, piping contractors, and Delphin Johnson, Portsmouth, Ohio, who was in charge of materials for the Daugherty firm. They said they attended the meeting.

Facts alleged in the indictment occurred while Ebasco Services was the prime contractor on the Joppa powerplant. The estimated cost of the project skyrocketed $58 million to a present estimate of $197 million, the rise being attributed largely to labor trouble. Ebasco Services was unable to complete the contract and was replaced by another firm.

Dale, who lives at Carbondale, is on trial with James Bateman, business representative of a Murphysboro local of the AFL pipefitters' union. They are charged with interferring with interstate commerce by attempting to extort $1,030,000 from Ebasco Services, Inc., and Dale alone is charged with receiving a $7,500 payoff from a subcontractor at Joppa.

DESCRIBES MEETING WITH DALE

Sammond, a forthright witness with a sharp, New England manner of speaking, gave the jury of 6 men and 6 women a vivid description of his meeting with Dale and Bateman at the Embassy Club in Cairo, August 20, 1951.

At no time during the 5-hour conference did Dale directly broach the subject of a shakedown, the witness said, but kept advising Sammond to "learn how to do business with labor in southern Illinois."

Pressed for further details of what he meant, Sammond testified, Dale told him to look up Thomas J. Scott, resident construction engineer for the Maxon Construction Co., a subcontractor at Joppa, and find out what Dale meant.

TESTIMONY ON PAYOFFS

Scott, the first Government witness, has testified that he made payments totaling $7,500 to Dale after the labor boss told him his company could enjoy good relations with labor by payoffs amounting to 1 percent of its contract.

Dale was in a boastful mood as the Cairo conference opened, Sammond testified. He talked about his hunting lodge in Alexander County and of a $1,500 shotgun he owned. He said, Sammond related, that he had once been a chauffeur for a Chicago man, known as the "asphalt king," who was killed by gangsters.

Sammond quoted Dale as saying: "I am a Chicago boy. When I left Chicago I threw away my shovel for a blackjack and I have been using it effectively ever since. I came to southern Illinois 15 years ago to carve out an empire. I have carved out an empire. I have 38,000 laborers and 28 business agents under me."

(Dale, as president of the Southern Illinois District Council of the AFL Hod Carriers and Building Laborers' Union, has control of a pool of 38,000 laborers. He also has been a prominent figure in Illinois Republican politics since 1940.)

TELLS OF INDICTMENT

Dale told those attending the meeting, Sammond went on, that the last time he had had trouble with a contractor six men had been killed or injured. Dale was quoted as saying he had been indicted for murder.

(In 1948 Dale and 3 others were indicted at Cairo for conspiracy to assault 2 Alexander County labor leaders involved in a jurisdictional dispute. The case was eventually dismissed.)

Hoban objected to Sammond's testimony at this point, but Judge Wham ruled it admissible because it tended to support Government charges that Dale had attempted to induce a feeling of fear on the part of the contractor.

Sammond then continued, testifying that Dale suddenly accused him of having gone to Lawrence Callanan, ex-convict boss of the AFL Steamfitters' Union in St. Louis, to make a deal. This was the first time he had ever heard of Callanan, Sammond said. Callanan was convicted earlier this year of racketeering and is under a 12-year sentence.

Bateman took little part in the discussion, Sammond testified, but several times urged Dale to send his men back to work on a jurisdictional strike which had the project tied up at that time. The dispute was between Dale's laborers and Bateman's pipefitters over unloading of pipe.

NO HURRY TO SETTLE STRIKE

"Dale told Bateman he was in no hurry to settle the strike," Sammond testified. "He said he would just as soon keep the men out another week."

Then, Sammond said, Dale changed the subject.

"He asked me what Ebasco's contract was worth. First, I said $86 million, then changed the figure to $93,500,000. Dale made his own estimate. He said it was about $103,500,000.

"I asked him what we could do to settle the labor difficulties. He advised me to learn how to do business in southern Illinois. Then he elaborated. He suggested that I consult the Springfield (Ill.) office of the Associated General Contractors or see Tom Scott of the Maxon Co."

Sammond, who operates as a national troubleshooter for Ebasco, one of the largest builders of powerplants in the world, said Dale boasted that Bateman once had been one of his assistants, and that he could be assured of Bateman's cooperation. Dale was quoted as saying he had all the other southern Illinois labor leaders in his pocket.

WARNS OF STOPPAGES

"Dale asked me," Sammond testified, " 'Do you have authority to commit Ebasco?' I told him I would have to consult my superiors. He replied, 'Unless you learn to do business in the manner customary in southern Illinois, you won't complete the job.' He bragged about 87 work stoppages which had occurred on a building job at Grand Tower, Ill."

(Dale is under indictment in St. Louis on a charge of conspiring to extort money from a contractor working on a levee job at Grand Tower.)

The laborer's boss boasted of political candidates he had elected and others he had

defeated, Sammond testified. During the conference, Sammond said, Dale sent the Embassy Club manager out to summon the sheriff of Alexander County. The sheriff came to the club, he added, and Dale directed the law officer to "take a seat over in the corner."

Sammond testified he never made a deal with Dale, but later visited Scott, the Maxon Co. engineer, as the labor boss had suggested. Scott told him, he testified, that Dale had set a price of 1 percent of the contract for insuring labor peace. This would have amounted to $1,030,000 if the contract estimate made by Dale were used.

Marselli, who had made the "shakedown report" to the St. Louis high-level conference, testified that Dale directed him "to see Tom Scott" when he asked Dale what could be done about settling the labor trouble.

MEETING IN TRAILER

Marselli said he visited Scott in Scott's trailer office on the bank of the Ohio River. Scott told him, he said, that Dale had agreed to insure labor peace for 1 percent of the cost of the job.

"I was amazed," Marselli testified, "and I told Scott, 'Why 1 percent of $100 million is $1 million.'

"He nodded. He said, 'You're good at figures.' "

Marselli said he asked Scott what guarantee his company would have that there would be no further labor trouble after a payoff.

The witness quoted Scott as saying: "You make it in monthly payments. If you have labor trouble, you discontinue payments."

Sott testified earlier in the day that he had made four payoffs, totaling $7,500, to Dale in four installments in 1952, beginning March 17 and ending September 17.

[From the St. Louis Globe-Democrat of December 1, 1954]

BUILDER SAYS HE PAID $7,500 TO EVAN DALE

A contracting firm official testified yesterday that he paid $7,500 to Evan R. Dale in hopes that the southern Illinois labor and political leader would bring labor peace to the job of constructing the Electric Energy power plant in Joppa, Ill.

Thomas J. Scott, Jr., a former superintendent on the job for the Maxon Construction Co., of Dayton, Ohio, was the Government's first witness at the labor-racketeering trial of Dale and his codefendant, James Batemen, Murphysboro, Ill., labor leader.

A jury of 6 men and 6 women is hearing the case, which is expected to take about 3 weeks, in the court of United States District Judge Fred L. Wham, at East St. Louis.

TELLS OF MEETING

Scott testified that his firm had a subcontract from Electric Energy, Inc., to erect loading and barge docks and water intake structures on the Ohio River for the plant, which was being built to supply Atomic Energy Commission power needs for its project at Paducah, Ky.

The superintendent told the court that he had met Dale in mid-July 1951 in a room in Hotel Cairo at Cairo, Ill., after seeking him to see if we couldn't arrive at some solution to all the labor difficulties we were having on our contract at Joppa.

Dale told him, he related, that it was not Scott but someone from the big boy he was expecting. Dale, of Carbondale, Ill., president of the Southern Illinois District Council of the A. F. of L. Hodcarriers, Building, and Common Laborers Union, then asked him, Scott continued, how much the Maxson contract was worth. Scott set the value at about $863,000 and Dale suggested Scott see him in a day or so.

ACCUSED OF HOLDOUT

At a second meeting soon afterward, Scott testified Dale set the price to insure labor peace at 1 percent of the contract price, $8,630 in cash. Scott said he would inform his superiors about this, but testified he told them that Dale expected nothing from them at the time.

Assistant United States attorney then asked Scott if he had talked with Dale in the latter's office in Carbondale in late 1951 or early 1952. Scott said he had and testified Dale told him then that it was being said that Maxson had been paying and that Dale's associates were saying he had been holding out on them.

Scott said he informed Dale that the job was then worth $750,000 and agreed to pay Dale $7,500 (1 percent).

Scott testified he gave Dale $2,000 in cash in a manila envelope at the Embassy Hotel in Cairo about March 17, 1952. He said Dale opened the envelope, counted the money and put it into his pocket. The balance of the money was paid Dale, Scott said, in two payments of $2,000 each and one of $1,500, all in Dale's office in Carbondale, and the last being handed over about September 17, 1952.

In earlier testimony Scott said that on about July 24, 1951, he had been told by Edward Marselli, plant superintendent for Electric Energy, that he had been referred to Scott by Dale for information about work stoppages and labor in southern Illinois.

"I told Mr. Marselli," Scott testified, "my opinion of the price of labor peace on his job was 1 percent of the contract's price in cash." Scott said Marselli, who was sitting with him on the bank of the Ohio at Joppa, whistled and figured aloud that 1 percent of $100 million was $1 million.

Scott testified under cross-examination by John J. Hoban, counsel for Dale, that Dale at no time made any demands or threats. He said he got the impression that Dale wanted the money from "observation of what actually happened" but not from any "large happening you can put your finger on."

He said in response to Hoban's questions that he did not recall how many work stoppages there were in the first 2 weeks on the job and that of those there were, Dale's union was involved in some but not all.

MADE NO DEMAND

Scott further testified that the payoff meetings were unwitnessed and that "I think I suggested $7,500, and that was agreeable to him (Dale). He did not make a demand at any time."

The witness said Dale had told him in substance that "the (Maxon) contract was rather small," adding he gained the impression that Dale would be interested in knowing that he was "the labor boss and the man to deal with."

The $7,500 extortion indictment count is against Dale alone. Two other counts accuse both Dale and Bateman of attempting to extort $1,030,000 from Ebasco Services, Inc., of New York City, Electric Energy's general contractor at Joppa, and threatening labor trouble if the demands were not met. Maag said he would prove that Ebasco's refusal to pay was followed by labor trouble for more than 18 months.

Bateman is business representative of Local 160 of the AFL Pipefitters Union at Murphysboro.

[From the St. Louis Post-Dispatch of December 2, 1954]

FIRM HEAD TELLS OF $2,961 PAYOFF TO UNIONIST DALE—TESTIFIES DEFENDANT TOLD HIM CUSTOMARY RATE WAS 1 PERCENT FOR CONTRACTORS

Edgar M. Stephens, a Cairo (Ill.) contractor, testified today that Evan R. Dale, A. F. of L. laborers' boss, told him it was customary for contractors hiring construction workers in southern Illinois to pay off at the rate of 1 percent of their contracts.

In permitting the testimony of Stephens, who told of a $2,916 payoff he made to Dale, United States District Judge Fred L. Wham ruled that it would be admissible only in order to enlighten the jury of 6 men and 6 women what had been meant in previous testimony by the phrase "doing business in the customary manner." The phrase was attributed by a number of witnesses to Dale.

Dale and James Bateman, both southern Illinois labor leaders, are on trial on charges of violating the Federal antiracketeering act. They are charged specifically with interfering with interstate commerce by attempting to extort $1,030,000 from Ebasco Services, Inc., prime contractor on construction of the Joppa (Ill.) power plant. Dale alone is charged with extorting $7,500 from a subcontractor at Joppa.

UNITED STATES RESTS ITS CASE

Ben Brooks, special assistant attorney general assisting in prosecuting of the trial in United States district court at East St. Louis, announced this afternoon that the Government was resting its case.

At defense attorney John J. Hoban's request a Government witness, Clinton J. Sammond, industrial relations consultant for Ebasco, was recalled to the stand for additional cross-examination. Upon completion of this questioning the attorneys in the case retired to the chambers of Judge Wham for a conference.

Stephens, president of Edgar Stephens & Sons, general contractors, said Dale approached him for a payoff in June 1951 after his company had begun work on construction of a spur line from the Chicago & Eastern Illinois line to the Joppa plant.

"Dale advised me he felt he had been instrumental in securing the contract for our company," Stephens said. "He said he felt he was entitled to some consideration. I asked him what he meant and he said it was customary to pay off 1 percent."

Nothing further was said about the matter, the witness said, until October 10, 1952, when he met Dale in Cairo, Ill.

"Dale told me, 'We need some money'," Stephens said. "I said, 'On what basis do you need it?' He said, 'On the basis of your contract for the spur line as per our previous discussion'."

SAYS DALE REFUSED CHECK

Stephens said he subsequently paid off. Dale refused to accept a check, he said, and Stephens gave him cash. The witness identified a check made out to cash, vouchers and invoices which, he said, represented the transaction.

Another witness, George Orick, associate editor of Architectural Forum and former writer for the magazine, Engineering News-Record, testified about interviewing Dale in October 1953.

He testified he asked Dale about reports the labor boss had attempted to shake down Ebasco. Dale replied, he said, that "if Ebasco wants to get the impression I am looking for money it is all right with me."

Later in the conservation, Orick related, Dale remarked he had been fishing and would be interested in knowing what he had caught.

On cross examination Orick acknowledged he had written in his story for Engineering News-Record that he could find no evidence to support reports that shakedowns were behind labor trouble at Joppa.

Today's first witness was Ewart Mitschke, chief of operations for the Atomic Energy Commission's gaseous diffusion plant at Paducah, Ky. He was called by the Government to testify about the interstate nature of the Joppa plant's operation.

He said the Joppa plant was constructed to supply power to the atomic energy installation at Paducah and that the first electricity was transmitted across the Ohio River from Joppa October 7, 1952.

Other witnesses identified documents which were introduced in evidence to show that turbines, generators, and other mate-

rial used at Joppa was shipped in interstate commerce.

John M. Graney, project manager for Ebasco Services told of a conference in the fall of 1952 at which efforts were made to end a work stoppage by pipefitters. He said Bateman, business agent of a Murphysboro local of the pipefitters' union, told him the stoppage would end if he would contribute to the union's welfare fund. Graney said he declined to contribute.

Details of a St. Louis conference in which high-level officers of Ebasco Services and Electric Energy, Inc., operator of the Joppa plant, allegedly reached a decision not to pay Dale the $1,030,000, was given in testimony by Turner White, Jr., vice president and general manager of Electric Energy, and Arthur J. Mohan, resident labor-relations consultant for Ebasco.

The meeting, held in offices of the Union Electric Co., of Missouri, 315 North 12th Street, was called August 28, 1951, the witnesses said, 8 days after Dale had boasted at a meeting with company men in Cairo, Ill., that the Joppa job would never be completed unless the contractor learned to do business his way.

Several Government witnesses have testified that Dale made no direct threats or demands for money at the Cairo meeting, but they insisted he created a distinct impression, by innuendo and restatement of generalities, that labor peace could be secured only by a payoff.

Three other Government witnesses testified about another conference, held by officers of the Maxon company, in which it was decided to pay off at the 1-percent rate. The payoff was made to Dale, they said, in four installments between March and September 1952. The conference was held in the summer of 1951.

John E. Burke, Dayton, Ohio, treasurer and vice president of Maxon, was asked by Maag why the company decided to pay off.

"We felt we had made a commitment to Dale in exchange for labor peace," he testified. "We thought he had an obligation, and the payments were made to fulfill our commitment. We made them in hope of having labor peace on the job."

Another Maxon company officer, Vice President Thomas L. Ohl, testified Scott had been sent to Dale to see what could be done about straightening out their labor difficulties. The company, which was building a loading dock and other facilities, was having more labor disputes at Joppa than at any other job it had ever undertaken, he said.

Asked why he had joined in the decision to pay off, Ohl said: "Because construction costs were becoming excessive and we were suffering considerable loss. We were concerned about the welfare of our supervisory employees. It was too much of a burden for them to endure the circumstances there. We had to pay for relief."

Roosevelt Patrick, chairman of Electric Energy's labor-relations committee and a former operating engineers' business agent, testified about trouble between contractors and the pipefitters' union over installation of panel meters in 1951.

The union objected because part of the piping for the meters was prefabricated before arrival at the plant, the witness said. He told of a conference he had with defendant Bateman about the matter.

Bateman, the witness testified, suggested several methods of settling the dispute. One was for Electric Energy to make a $1,500 donation to the pipefitters' social fund, Patrick said. At this point, he related, the international organizer threw up his hands, said: "Deal me out," and left.

Dale, as president of the Southern Illinois District Council of the AFL Hod Carriers & Building Laborers' Union, controls a pool of more than 30,000 workmen who have been employed at Joppa and Paducah, and also at a TVA power plant under construction at Shawnee, Ky. He has been an important figure in Illinois Republican politics. He lives at Carbondale.

[From the St. Louis Globe-Democrat of December 3, 1954]

CONTRACTOR TESTIFIES ON $2,900 PAYOFF TO DALE

A contractor testified yesterday that he paid $2,900 to Evan R. Dale after the southern Illinois boss of a pool of 38,000 AFL laborers told him he felt he "was entitled to some consideration."

Later in the day Assistant United States Attorney Edward G. Maag announced the Government was resting its case.

Edgar M. (Cap) Stephens of Cairo, Ill., testified that in mid-1951 his firm received a contract to build the spur from the main line of the Chicago & Eastern Illinois Railroad to the Electric Energy, Inc., plant at Joppa, Ill.

Dale advised him in June 1951, he said, "that he was instrumental in getting the spur line for us and was entitled to some consideration."

The contractor said he asked Dale to explain and was told "it was customary to pay off at the rate of 1 percent."

INSISTED ON CASH

Stephens said Dale told him in Dale's Cairo office on October 10, 1952, " 'We need some money.' I asked him on what basis. He said on our contract for the spur line."

The witness said Dale rejected a $2,916 check made out to Dale, insisting on cash. Stephens said he cashed the next check in his checkbook and gave Dale the money in Dale's office the same day.

Stephens testified the sum was 1 percent of the labor payroll through September 1952.

Stephens' testimony was objected to vigorously by counsel for Dale and his codefendant, business representative James Bateman of Local 160 of the AFL Pipefitters at Murphysboro, Ill.

OBJECTION OVERRULED

Judge Fred L. Wham, told the jury, in Federal court at East St. Louis, that the testimony could be received against Dale only. He said that it would enable the jury to better understand what was meant by the words "customary practices," used in connection with an August 1951 meeting at which Dale is testified to have said that the EEI project would never be completed unless Ebasco followed the "customary practices" of doing business in southern Illinois.

The judge overruled a late objection on the "customary practices" ground but explained that Dale was not on trial for the alleged payoff by Stephens.

Dale and Bateman are charged with attempting to extort $1,030,000 from a subcontractor on the Joppa job, the Mason Construction Co.

Stephens testified under cross-examination that Dale never demanded money or made threats of any kind.

Another witness, John M. Graney, an Ebasco official, said he talked with Bateman in the former's office at Joppa in November 1952, about a dispute over installation of piping that was prefabricated despite an agreement that pipe of this size was to be fabricated on the site.

Graney said Bateman suggested "giving something to the union's welfare fund," which made contributions to charity, but the money was not paid and the job was done.

Doubt that Gov. William G. Stratton will be called as a witness was expressed by Dale's counsel, John J. Hoban, after the court adjourned until this morning. Hoban said the Governor had been subpenaed relative to incidents that occurred in 1951 and 1952 but not brought out in the Government case.

Hoban estimated it would take 3 days to present the defense case if motions for acquittal are denied.

[From the St. Louis Post-Dispatch of December 7, 1954]

DALE, BATEMAN CONVICTED OF ATTEMPT TO EXTORT $1,030,000 FROM BUILDERS—JOPPA PROJECT LABORERS' BOSS IS FOUND GUILTY ON THIRD COUNT—JURY DELIBERATES 5½ HOURS—DECEMBER 17 SET FOR ARGUING MOTIONS FOR NEW TRIAL, DECEMBER 21 FOR SENTENCING

Evan R. Dale and James Bateman, southern Illinois labor leaders, were found guilty today on two counts of attempting to extort $1,030,000 from a contractor building the strike-plagued Joppa (Ill.) atomic-energy facility, by a jury in United States District Court at East St. Louis.

Dale, president of the Southern Illinois District Council of the AFL Hod Carriers and Common Laborers' Union, was found guilty on a third count of extorting $7,500 from a subcontractor at Joppa.

They were the 13th and 14th labor bosses to be convicted in Illinois and Eastern Missouri Federal courts as the result of grand-jury action which followed an intensive investigation of labor racketeering by the Post-Dispatch in the summer of 1951. All but two of this number have been found guilty of violating the Federal Anti-Racketeering Act.

JURY OUT 5½ HOURS

The jury of 6 men and 6 women deliberated for 5½ hours last night before reaching the verdict. They sealed their findings in an envelope upon retiring at 1 a. m. today and the envelope was opened in court in the presence of the jurors at 9: 30 a. m.

At the request of defense attorneys the jury was polled by United States District Judge Fred L. Wham, who then set December 17 as a date for arguing motions for a new trial and December 21 for sentencing.

Defendant Bateman, business agent of a Murphysboro (Ill.) local of the AFL Pipefitters' Union, was red-eyed and nervous when he entered the courtroom this morning. He drummed on a table as the verdict was read.

The bulky, stolid Dale, who has headed Republican labor groups in Illinois for the past 14 years, appeared unconcerned before the verdict. He flushed and leaned forward as it was read.

CONSOLED BY FRIENDS

As soon as Judge Wham adjourned court about 25 friends and relatives, many of them members of Dale's union, gathered around Dale and began consoling him.

He told a reporter: "I feel now as I felt on the witness stand, not guilty. I simply tried to tell the truth as I knew it."

Both defendants were permitted to continue at liberty on bond.

The full impact of the verdict seemed to hit Dale as he walked through the second-floor corridor toward an elevator. His body appeared to sag. He headed for his home at Carbondale, Ill.

The 63-year-old Bateman, who has been a labor officer for about 15 years, was severely shaken. Tears streaming from his eyes, the bushy-haired, bespectacled man walked from the courtroom accompanied by a son and daughter.

Jurors told a Post-Dispatch reporter they had agreed on a verdict in the case of Dale shortly after beginning deliberations last night. Agreement on Bateman's guilt required more deliberation, they said.

Dale and Bateman were charged jointly in 1 count of the indictment with interfering with interstate commerce by demanding the $1,030,000 payoff from Ebasco Services, Inc., prime contractor at the $197 million Joppa generating plant. A second count jointly charged them with entering into a conspiracy to make the demand.

FIRM LOST JOB

Ebasco Services, one of the largest builders of power plants in the world, was forced to surrender the Joppa contract after more than 40 work stoppages, many caused by jurisdictional disputes, had occured in 29 months. The firm was replaced by the Bechtel Corporation of San Francisco.

In a third count, Dale alone was charged with demanding and receiving the $7,500 payoff from the Maxon Construction Company, of Dayton, Ohio, in 1951 and 1952. The company was building a loading dock and other facilities at Joppa.

The maximum penalty on each count of the indictment is 20 years in prison and a fine of $10,000.

The case went to the jury shortly after 6 o'clock last night following a day given to final arguments and reading of instructions by Judge Wham.

Each side took 2 hours for argument. The final speaker was Assistant United States Attorney Edward G. Maag who delivered his address in short, staccato sentences, alternating between cold analysis and outbursts of indignation.

He pointed out that of all the persons attending a meeting August 20, 1951, at the Embassy Club in Cairo, Ill., where Dale was alleged to have made a demand for a $1,030,000 payoff, only Dale took the witness stand to deny that he boasted of his power and invited the payoff.

He called off the names of 4 representatives of Ebasco and Electric Energy, Inc., for which the Joppa plant was built, who had attended the meeting and testified for the Government about what went on there.

"Are they all lying?" he asked. "Is only Dale telling the truth? He says they are all lying. Are they all committing perjury except Dale? It is the duty of the Government to strike fair blows. How can we get that many people to commit perjury? It is unthinkable."

RECALLS ALLEGED BOAST

He recalled that witnesses had quoted Dale at the meeting as boasting that he was "a Chicago boy," had worked for gangsters, and had been indicted for murder as the result of killings on another big construction project.

"Why would anyone recite the horrible, nightmarish things that man said at that meeting?" Maag asked. "Does Ebasco have to be hit by a truck to know they have been threatened?"

The young prosecutor's voice rose as he walked about the courtroom, at times confronting the jury and then standing within arm's length of the man about whom he was talking.

"Dale had demanded 1 percent of the contract for labor peace," he thundered. The opposite of labor peace is labor war. What is labor war? It's everything we have charged in this indictment.

"This is not a trial of union labor. Dale is a union leader who betrayed his trust. Betrayal of trust is horrible."

Maag referred to Dale's position as head of a pool of 38,000 laborers whom he channeled to jobs at the Joppa power plant, the TVA power plant at Shawnee, Ky., and the Atomic Energy Commission's atomic gaseous diffusion installation at Paducah, Ky.

"He used those 38,000 men to line his pockets," Maag charged. "He had their interest at heart only insofar as he could use them. Can you imagine all that power in that man's hand?"

WOMAN JUROR CRYING

He pointed an accusing finger at Dale, who drew back. The jurors were leaning forward in their seats, listening intently. A woman juror in the front row was crying quietly.

"There is a shame and a stain in southern Illinois," the prosecutor said. "There is a sign up at Joppa. It reads: 'The price of peace is 1 percent.' "

Stepping again toward the jury, he lowered his voice and said: "It's high time you serve notice that blackmail is not going to work. Are you going to condone this man's conduct? It's all wrong and it's time you cleaned it up."

Dale, 38 years old, was born at Latham, Ill., and has been a member of the common laborers' union since he was 18 years old. He quit school to marry when he was 16 years old and has 2 daughters, a son and 4 grandchildren.

He became head of the Southern Illinois District Council about 1938. This office placed him in charge of furnishing laborers for construction of the huge Crab Orchard Lake ordnance plant in 1942 and 1943. The plant produced "blockbuster" bombs for the Army Air Force.

The council has jurisdiction over laborers' locals in 38 southern Illinois and 4 western Kentucky counties.

When the Atomic Energy Commission announced plans to contruct its gaseous diffusion plant at Paducah and the generating plants at Shawnee, Ky., and Joppa, the laborers organized an area council, placing Dale in charge of 38,000 laborers.

He served as national consultant of the Republican National Committee's labor division in 1952 and has held other Republican positions.

[From the St. Louis Post-Dispatch of December 8, 1954]

STRIKE-PLAGUED JOPPA PLANT EXPECTED TO BE IN FULL PRODUCTION EARLY IN 1955—COST IS $58 MILLION ABOVE ORIGINAL ESTIMATES—TWO LABOR BOSSES CONVICTED

(By Carl R. Baldwin)

The Joppa (Ill.) steam-generating plant, one of the country's most vital atomic energy installations, is expected to go into full production early next year after a stormy 4-year history marked by almost constant strife between management and labor and frequent skirmishes of union against union.

Two powerful labor leaders charged with the responsibility of supplying workmen for the construction, Evan R. Dale and James Bateman, were convicted yesterday of racketeering and a third, William B. Sanders, has been expelled for life from his international union.

Ebasco Services, Inc., one of the largest builders of powerplants in the world, was forced to surrender its contract to build the installation because it was unable to overcome Joppa's many headaches.

Meanwhile, costs rose a staggering $58 million above original estimates until the plant now will cost the Atomic Energy Commission an estimated $197 million. Management blames this primarily on labor and some labor leaders have placed the blame on inept management.

ONE MILLION THIRTY THOUSAND DOLLAR EXTORTION ATTEMPT

Whatever the reasons for the enormous cost of Joppa, which already is supplying electric power to the huge atomic energy plant at Paducah, Ky., two of the key figures in the Joppa labor disputes now stand convicted of interfering with interstate commerce by attempting to extort $1,030,000 from Ebasco Services.

Atty. Gen. Herbert Brownell, after learning of the verdict returned by a jury in United States District Court at East St. Louis yesterday, said it was "the largest shakedown attempted since more than $1 million was extorted from the movie industry by the Browne-Bioff syndicate nearly two decades ago."

Brownell said the conviction should serve notice "that labor racketeers will not be tolerated and that we intend to prosecute such crimes wherever found." He added he believed responsible labor leaders felt the same way the administration does about "those who use violence, threats, and personal intimidation" to enforce shakedown demands.

The Joppa plant, born by act of Congress in November 1950, was hailed as a boon to southern Illinois labor in the beginning. The Biblically named town which had been a thriving river port at the turn of the century and had one of the deepest channels in the Ohio River, was expected to once again become a busy metropolis.

STAIN ON SOUTHERN ILLINOIS

None of these things came to pass. The workers who came to Joppa came in trailers or commuted great distances from other Illinois and Kentucky towns. And the Joppa plant itself became what Assistant United States Attorney Edward G. Maag, young prosecutor of Dale and Bateman, "a stain and a shame on southern Illinois."

Dale, the central figure in the Joppa case, first came on the scene in January 1951 when he was placed in charge of a Joppa-Paducah-Shawnee labor pool of 38,000 workmen by Joseph V. Moreschi, international president of the hod carriers and laborers.

Dale had cut a wide swath through southern Illinois as a labor boss and political leader. He expressed his personality wearing wide-brimmed hats and fancy hunting clothes. He bought expensive shotguns, entertained at a hunting lodge in Alexander County, and was seen often in nightclubs.

In 1940 he became a member of the Republican Party. He explained recently to a Post-Dispatch reporter that he did so because he felt that party was on its way back to power at the time and he wanted to be on the ground floor when the political complexion of the country changed.

That he has changed his mind about the Republicans, whose administration has directed the investigation which led to his conviction, was evident from a tirade he made against his adopted party.

"I thought there would be a place for me in helping the party build up its strength," he said, bitterly. "But I find the Republicans are out to cut labor's throat."

LEADER IN COMMUNITY LIFE

The self-made labor boss, who had quit school at the age of 16 to marry, took a leading part in community life at Carbondale, Ill., and headed downstate Republican groups. He was a highly controversial figure. Some persons held him in great esteem as a bulwark of the community, others thought his record as a labor boss left much to be desired.

Prosecutor Maag made an unusual comparison of Dale and Alexander the Great in his final argument to the jury at East St. Louis.

Maag pointed out that in July 1952 Dale had created one of the major work stoppages at Joppa by ordering 350 carloads of laborers off the job simply to back him up in a show of strength across the river at the Paducah plant.

Laborers there were questioning Dale's leadership. The 350 automobiles, loaded with laborers, paraded around the Joppa plant for 2 days, it was reported, until Dale regained command of the situation. Then they went back to work at Joppa.

"Alexander the Great conquered nations with fewer men," Maag told the jury.

FORTY WORK STOPPAGES

The work stoppage was one of more than 40 that occurred at Joppa in 1951, 1952 and 1953. The job became so hopelessly bogged down that Ebasco Services, a segment of the old Electric Bond and Share Co., powerful New York utility, finally surrendered the contract in July 1953.

While continuing to deny any wrongdoing at Joppa, Dale acknowledged to the Post-Dispatch that some complaints of featherbedding and slowdowns by unionists were justified.

"These are the sins of the cost-plus contracts of World War II," he declared. "The abuses became widespread because contractors, always anxious to pad their costs, encouraged them. Now that my boys have got accustomed to these things it's hard to make them change their ways."

POWER FOR PADUCAH PLANT

The Atomic Energy Commission ordered the Joppa and Shawnee plants built to supply 1,000,000 kilowatts of power to the Paducah installation, which produces fissionable uranium-235 from natural uranium by a gaseous diffusion process. In 1950 this was said to be the biggest around-the-clock load of energy in the world for a single plant.

Later, as the United States stepped up the pace in the race with Russia in stockpiling atomic material, the load planned for Paducah was almost doubled. One-fourth of the additional load was assigned to Electric Energy, Inc., utility combine operating the Joppa plant, and the other three-fourths was ordered from the TVA-operated Shawnee plant.

The importance of completing the Paducah plant and also additions to the atomic energy facility at Oak Ridge, Tenn., was pointed out by Gordon H. Dean when he was chairman of the AEC in July 1952.

Outlining plans for a rapid acceleration of construction, he said: "The purpose of this expansion program is to gain precious time by achieving minimum stockpile objectives established by the Department of Defense, and to achieve them about 4½ years earlier than we would achieve them if we went at our present rate."

During the years of strife the reasons given for the many jurisdictional disputes and other labor troubles were vague and varied. Pipefitters and laborers would walk out and set up picket lines in disputes over unloading pipes, controversies that Joppa management thought had been settled on previous jobs. Some walkouts were never explained.

BATEMAN IN MANY DISPUTES

Bateman, business agent of a Murphysboro, Ill., AFL pipefitters union, was in the middle of many skirmishes with management and other unions. He was elected head of a council of business agents to rule on jurisdictional disputes in November 1951, but the work stoppages continued.

Next to Dale the most important figure in the labor troubles affecting the atomic installations was Sanders, business agent of the Paducah local of the AFL ironworkers union. He waged warfare with Dale in a struggle described by on-the-spot observers as a clash of strong personalities.

Like Dale, Sanders had his loyal following who paraded about Joppa and Paducah to indicate they were solidly in back of him. About 1,000 carloads of ironworkers and friends, many wearing Kentucky string ties in imitation of their leader, formed a motorcade at Joppa in October 1953 to show their defiance of his enemies.

Sanders, a talkative Kentuckian, remained in the saddle as long as Ebasco Services was handling the construction at Joppa. But when he ignored an order by J. H. Lyons, president of the International Iron Workers' Union, to end a strike by the iron workers after the Bechtel Corp., of San Francisco, took over in September 1953, the international expelled him.

[From the St. Louis Post-Dispatch of December 21, 1954]

DALE GETS 15 YEARS, FINED $10,000 IN RACKET CASE; BATEMAN IS FINED $2,000—ILLINOIS LABOR BOSS A MENACE TO UNION CAUSE, JUDGE WHAM SAYS—CODEFENDANT PLACED ON PROBATION FOR 5 YEARS—CHARGES INVOLVED SHAKEDOWN ATTEMPTS AT JOPPA PROJECT

Evan R. Dale, powerful southern Illinois labor boss and formerly a Republican political leader, was sentenced to 15 years in prison and fined $10,000 today on charges of labor racketeering by United States District Judge Fred L. Wham at East St. Louis.

Judge Wham, in pronouncing sentence, described the stout, stolid Dale as "a menace to the union-labor movement, to the State, and to the men you represented."

He ordered Dale taken into custody, declaring he was doing this so that the labor boss would disassociate himself from all power immediately. A request that Dale be admitted to bond pending appeal was denied.

BATEMAN FINED

Dale's codefendant in the case, James Bateman, business agent of a Murphysboro, Ill., pipefitters' union, was fined $2,000. He received no prison sentence but was placed on probation for a period of 5 years.

Bateman was ordered to disassociate himself from any leadership in his union or any other union for the probation period. He was given 60 days in which to pay the fine.

Dale's sentence was imposed on each of three counts, charging him with interfering with interstate commerce by attempting to extort $1,030,000 from a contractor on a Joppa, Ill., atomic energy power facility and by extorting $7,500 from a subcontractor on the same job. The sentences will be served concurrently.

Bateman, who wept after hearing sentence imposed, was charged only in two counts with participating in the attempted $1,030,000 shakedown of the Joppa general contractor, Ebasco Services, Inc., of New York City.

Maximum penalty on each count is 20 years' imprisonment and a $10,000 fine.

The small courtroom on the second floor of the East St. Louis Federal Building, was packed with spectators as Judge Wham prepared to sentence Dale and Bateman. About half were women and most appeared to be friends of the defendants.

ATTENTION TO BATEMAN

The tall, ramrod-straight judge, looking stern and thoughtful, directed his attention to the 63-year-old Bateman first.

Bateman was the less important of the two defendants from the standpoint of public interest, he observed, and the evidence presented against him had been slight. A presentence investigation showed he had a good reputation in his home town, the judge said.

"He stayed on the fringe of the light cast by Dale's bold operations," said Judge Wham. "His connection with the whole picture are dim."

Then the judge pronounced sentence on Bateman. The graying defendant wept at first as he returned to his seat in the courtroom, but later accepted congratulations from friends in the hallway outside, appearing elated that he had escaped a more serious penalty.

As Assistant United States Attorney Edward G. Maag began stating the Government's position in the case of Dale, Judge Wham leaned back in his chair and meditatively held a hand to his face.

EIGHT INDICTMENTS CITED

Maag referred to eight indictments charging racketeering and income-tax evasion which have been returned against Dale.

"The very number of indictments screams at this man that he is a menace to the men he represents and the people of his district," he said. "The Government feels that a substantial sentence should be imposed in his case, and that bail should be denied him pending appeal."

The bulky, 38-year-old Dale, shifting his weight from foot to foot, looked subdued as Maag and Defense Attorney John J. Hoban discussed his case. He kept his eyes on the floor most of the time, occasionally lifting them toward the bench.

Hoban announced the defense would appeal and requested bond. He contended that, even if the facts alleged in the case were true, they did not constitute a violation of the Federal Antiracketeering Act, the statute under which the charge was brought.

JUDGE LOOKS ANGRY

Judge Wham looked angry as he began pronouncing sentence on Dale.

"Dale has been disloyal to the men he represented," the judge said, speaking slowly. "He has been responsible for an increase in costs of public and private works in southern Illinois amounting to millions of dollars.

"He has a faculty for installing fear of physical violence in people. He has never failed to profit in full from use of his abilities along this line."

Then, looking directly at the reddening defendant, he said:

"I think you are a menace to the union-labor movement, to property and to the contractors of southern Illinois, and have been for a long time. You deserve a severe sentence."

Dale was obviously shocked as Judge Wham read off the sentence of 15 years and the fine of $10,000. His face showed little emotion, but he was perspiring and kept wiping a hand across his face.

The court took a recess and Dale was led by a deputy sheriff across the hall from the courtroom to a small holdover cell. Friends crowded into an anteroom and some spoke consoling words.

Dale issued a statement to the press, handing to reporters the statement typed on a piece of paper attached to his business card.

It said: "December 21, 1954.—I now believe labor's interests and labor's trust can never be served by the Republican Party."

HAD BEEN GOP LEADER

The statement amounted to Dale's official declaration of severance of ties with the party. He had been a member since 1940. In the last 14 years he has been a down-State Illinois political leader, heading Republican labor groups and working with the Republican National Committee in formulating the party's labor policies.

Hoban announced he would ask the United States Circuit Court of Appeals at Chicago to direct that Dale be admitted to bail pending a decision on an appeal of the case.

Dale, who lives at Carbondale, Ill., and has offices there and at Cairo, Ill., later was taken by deputy marshals to city jail in St. Louis, where he will await transfer to a Federal prison or will bide his time until the appeal is decided.

CONVICTED DECEMBER 7

Dale and Bateman were convicted December 7 by a jury of 6 men and 6 women following a trial which lasted 7 days.

They were the 13th and 14th labor bosses to be found giulty of Federal charges in Missouri and Illinois as the result of grand-jury action which followed an intensive investigation of labor racketeering by the Post-Dispatch in the summer of 1951.

The trial opened with the Government presenting a key witness, Thomas J. Scott, resident construction engineer for the Maxon Construction Co., of Dayton, Ohio. The company had an $800,000 contract to build dock facilities at Joppa.

Both Scott and Edgar M. (Cap) Stephens, a Cairo, Ill., contractor, set the stage for testimony about the big conspiracy—the allegation that Dale and Bateman attempted to extort the $1,030,000 from Ebasco Services—by testifying about payoffs of $7,500 and $2,916 they made to Dale.

The witnesses said Dale told them the customary way of doing business with labor in southern Illinois was by paying off at the rate of 1 percent of the contract.

CONFERENCE IN CAIRO

The Government then presented witnesses who testified about a conference at the Embassy Club in Cairo, attended by Dale, Bateman and representatives of Ebasco Services

and Electric Energy, Inc., a utility combine for whom the Joppa plant was constructed.

They said that Dale made it known, through implied threats and innuendo, that the only way Ebasco could finish building the $197 million Joppa plant was to pay off. The $1,030,000 figure was presented as being 1 percent of the estimated contract at that time. Costs soared after that and additional facilities were constructed.

Officials of the two big companies said they decided against meeting the shakedown demand. A series of work stoppages, most of them caused by jurisdictional disputes among unions, had already begun when the meeting with Dale took place August 20, 1951.

The work stoppages continued until more than 40 had occurred. In July 1953 Electric Energy, Inc., took the construction contract away from Ebasco Services and turned it over to the Bechtel Corp. of San Francisco.

Dale wielded the greatest power of any labor leader in charge of providing workmen for the Joppa plant. In January 1951 he was placed in charge of a pool of 38,000 common laborers and had the responsibility of channeling them into work constructing not only Joppa, but two associated plants, the atomic-energy gaseous diffusion plant at Paducah, Ky., and the TVA power plant at Shawnee, Ky.

He had made his weight felt in downstate labor and political circles since 1938 when he became president of the laborers' Southern Illinois District Council. This gave him jurisdiction over 19 Illinois and 4 Kentucky counties.

Bateman was one of Dale's close associates at Joppa. In November 1951 he was elected head of a business agents' council set up to rule on jurisdictional disputes. The council's actions had little effect on halting the work stoppages however.

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 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. 3828) to adjust the salaries of judges of United States courts, United States attorneys, Members of Congress, and for other purposes.

EXECUTIVE SESSION

Mr. CLEMENTS. Mr. President, I move that the Senate proceed to the consideration of executive business.

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

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. PASTORE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

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

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. STENNIS, from the Committee on Armed Services:

Maj. Gen. Laurin Lyman Williams, United States Army, for appointment as Comptroller of the Army, with the rank of lieutenant general, and as lieutenant general in the Army of the United States;

Lt. Gen. Anthony Clement McAuliffe, Army of the United States (major general, U. S. Army), for appointment as commander in chief, United States Army, Europe, with the rank of general, and as general in the Army of the United States; and

Rear Adm. James S. Russell, United States Navy, to be Chief of the Bureau of Aeronautics in the Department of the Navy.

By Mr. SALTONSTALL, from the Committee on Armed Services:

Trevor Gardner, of California, to be an Assistant Secretary of the Air Force.

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

Boyd Leedom, of South Dakota, to be a member of the National Labor Relations Board, vice Albert Cummins Beeson, term expired.

EXECUTIVE REPORTS OF COMMITTEE ON ARMED SERVICES

Mr. ERVIN. Mr. President, from the Committee on Armed Services I report favorably a group of 15,684 nominations, consisting of 692 routine nominations in the Army and Air Force in the grades of Major and below, and 14,992 routine nominations in the Navy and Marine Corps in the grades of captain and below. Since these names have already appeared in the CONGRESSIONAL RECORD, in order to save the expense of printing on the executive calendar of this large group, it is requested that these nominations be ordered to lie on the Vice President's desk for the information of any Senator.

The PRESIDING OFFICER. The nomination will lie on the desk, as requested by the Senator from North Carolina.

CONVENTIONS WITH JAPAN AND BELGIUM RELATING TO TAXES ON INCOME, ESTATES, INHERITANCES, GIFTS, AND SUCCESSION

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the Senate as in Committee of the Whole, proceed to the consideration of Executive D, Executive E, and Executive G, 83d Congress, 2d session. The first two are conventions with Japan and Executive G is a convention with Belgium. They are all similar, and I ask unanimous consent that they be considered en bloc.

Mr. KNOWLAND. Mr. President, I have no objection to having the three treaties considered and discussed together, inasmuch as they all deal with the general subject of double taxation, and so forth. However, in conformity with our prior understanding in the Senate, I believe, so far as the actual ratification of the treaties is concerned, there should be a separate yea-and-nay vote on each convention. With that understanding, I have no objection to their being considered and discussed at the same time.

Mr. CLEMENTS. My unanimous-consent request was only that they be considered en bloc.

The PRESIDING OFFICER (Mr. PASTORE in the chair). Is there objection to the request of the Senator from Kentucky?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the following conventions:

CONVENTION WITH JAPAN RELATING TO TAXES ON INCOME

Executive D, 83 Congress, 2d session, convention with Japan relating to taxes on income, signed at Washington on April 16, 1954, which was read the second time, as follows:

CONVENTION BETWEEN THE UNITED STATES OF AMERICA AND JAPAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the United States of America and the Government of Japan, desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, have appointed for that purpose as their respective Plenipotentiaries:

The Government of the United States of America:

Mr. Walter Bedell Smith, Acting Secretary of State of the United States of America, and

The Government of Japan:

Mr. Sadao Iguchi, Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America,

who, having communicated to one another their respective full powers, found in good and due form, have agreed upon the following Articles:

ARTICLE I

(1) The taxes referred to in the present Convention are:

(a) In the case of the United States of America: The Federal income taxes, including surtaxes.

(b) In the case of Japan: The income tax and the corporation tax.

(2) The present Convention shall also apply to any other tax on income or profits which has a character substantially similar to those referred to in paragraph (1) of this Article and which may be imposed by either contracting State after the date of signature of the present Convention.

ARTICLE II

(1) As used in the present Convention:

(a) The term "United States" means the United States of America, and when used in a geographical sense means the States, the Territories of Alaska and Hawaii, and the District of Columbia.

(b) The term "Japan", when used in a geographical sense, means all the territory in which the laws relating to the taxes referred to in paragraph (1) (b) of article I are enforced.

(c) The term "permanent establishment" means an office, factory, workshop, branch, warehouse or other fixed place of business, but does not include the casual and temporary use of merely storage facilities. It also includes an agency if the agent has and habitually exercises a general authority to negotiate and conclude contracts on behalf of an enterprise or has a stock of merchandise from which he regularly fills orders on its behalf. An enterprise of one of the contracting States shall not be deemed to have a permanent establishment in the other contracting State merely because it carried on business dealings in such other State through a bona fide commission agent, broker, custodian or other independent agent acting in the ordinary courses of his business as such. The fact that an enterprise of one of the contracting States maintains in the other contracting State a fixed place of business exclusively for the purchase for such enterprise of goods or merchandise shall not of itself constitute such fixed place of business a permanent establishment of such enterprise. The fact that a corporation of one of the contracting States has a subsidiary corporation which is a corporation of the other contracting

State or which is engaged in trade or business in the other contracting State shall not of itself constitute that subsidiary corporation a permanent establishment of its parent corporation.

(d) The term "enterprise of one of the contracting States" means, as the case may be, United States enterprise or Japanese enterprise.

(e) The term "United States enterprise" means an industrial or commercial enterprise or undertaking carried on in the United States by a resident (including an individual, a fiduciary and partnership) of the United States or by a United States corporation or other entity; and the term "United States corporation or other entity" means a corporation or other entity created or organized under the law of the United States or of any State or Territory of the United States.

(f) The term "Japanese enterprise" means an industrial or commercial enterprise or undertaking carried on in Japan by an individual resident in Japan or by a Japanese corporation or other entity; and the term "Japanese corporation or other entity" means a corporation or other association having juridical personality, or a partnership or other association without juridical personality, created or organized under the laws of Japan.

(g) The term "tax" means those taxes referred to in paragraph (1) (a) or (b) of Article I, as the context requires.

(h) The term "competent authorities" means, in the case of the United States, the Commissioner of Internal Revenue as authorized by the Secretary of the Treasury; and, in the case of Japan, the Minister of Finance or his authorized representative.

(i) The term "industrial or commercial profits" includes manufacturing, mercantile, agricultural, fishing, mining, financial and insurance profits, but does not include income in the form of dividends, interest, rents or royalties, or remuneration for personal services.

(2) In the application of the provisions of the present Convention by either contracting State any term not otherwise defined shall, unless the context otherwise requires, have the meaning which such term has under the laws of such State relating to the tax.

ARTICLE III

(1) An enterprise of one of the contracting States shall not be subject to the tax of the other contracting State in respect of its industrial or commercial profits unless it has a permanent establishment situated in such other State. If it has such permanent establishment such other State may impose its tax upon the entire income of such enterprise from sources within such other State.

(2) In determining the tax of one of the contracting States no account shall be taken of the mere purchase of merchandise therein by an enterprise of the other contracting State.

(3) Where an enterprise of one of the contracting States has a permanent establishment situated in the other contracting State, there shall be attributed to such permanent establishment the industrial or commercial profits which it might be expected to derive if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing on an independent basis with the enterprise of which it is a permanent establishment.

(4) In determining the industrial or commercial profits of a permanent establishment there shall be allowed as deductions all expenses wherever incurred, reasonably allocable to such permanent establishment, including executive and general administrative expenses so allocable.

(5) The competent authorities of both contracting States may, consistent with other provisions of the present Convention, arrange details for the apportionment of industrial or commercial profits.

ARTICLE IV

Where an enterprise of one of the contracting States, by reason of its participation in the management or the financial structure of an enterprise of the other contracting State, makes with or imposes on the latter enterprise, in their commercial or financial relations, conditions different from those which would be made with an independent enterprise, any profits which would normally have been allocable to one of the enterprises, but by reason of such conditions have not been so allocated, may be included in the profits of such enterprise and taxed accordingly.

ARTICLE V

(1) Notwithstanding the provisions of Article III and Article IV of the present Convention, income which an enterprise of one of the contracting States derives from the operation of ships or aircraft registered

(a) in such State, or

(b) in a third country which exempts (A) such enterprise, and (B) an enterprise of the other contracting State, from its tax on earnings derived from the operation of ships or aircraft, as the case may be, registered in the respective States,

shall be exempt from the tax of such other contracting State.

(2) The present Convention shall not be construed to affect the arrangement between the Government of the United States and the Government of Japan providing for relief from double taxation on shipping profits effected by the exchange of notes at Washington dated March 31, 1926 and June 8, 1926.

ARTICLE VI

The rate of tax imposed by one of the contracting States on interest on bonds, securities, notes, debentures or any other form of indebtedness (including mortgages or bonds secured by real property) received from sources within such State by a resident or corporation or other entity of the other contracting State not having a permanent establishment in the former State shall not exceed 15 percent.

ARTICLE VII

The rate of tax imposed by one of the contracting States on royalties and other amounts received as consideration for the right to use copyrights, artistic and scientific works, patents, designs, secret processes and formulae, trade-marks and other like property (including in such royalties and other amounts, rentals and like payments in respect of motion-picture films or for the use of industrial, commercial, or scientific equipment) from sources within such State by a resident or corporation or other entity of the other contracting State not having a permanent establishment in the former State shall not exceed 15 percent.

ARTICLE VIII

A resident or corporation or other entity of one of the contracting States deriving

(a) income from real property (including gains derived from the sale or exchange of such property, but not including interest from mortgages or bonds secured by real property), or

(b) royalties in respect of the operation of mines, quarries or other natural resources

situated within the other contracting State may elect, for any taxable year, to be subject to the tax of such other State on a net basis as if such resident or corporation or other entity had a permanent establishment in such other State during such taxable year.

ARTICLE IX

An individual resident of one of the contracting States shall be exempt from the tax of the other contracting State upon compensation for labor or personal services (including the practice of liberal professions) performed in such other State in any taxable year if such resident is temporarily present in such other State:

(a) for a period or periods not exceeding a total of 180 days during such taxable year and his compensation is received for such labor or personal services performed as an officer or employee of a resident or corporation or other entity of the former State, or

(b) for a period or periods not exceeding a total of 90 days during such taxable year and his compensation received for such labor or personal services does not exceed 3,000 United States dollars, or the equivalent sum in yen as computed at the official basic rate of exchange in effect at the time such compensation is paid.

ARTICLE X

(1) (a) Salaries, wages and similar compensation paid by the United States to an individual who is a citizen of the United States (other than an individual who has been admitted to Japan for permanent residence therein) shall be exempt from tax by Japan.

(b) Salaries, wages and similar compensation paid by Japan to an individual who is a national of Japan (other than an individual who has been admitted to the United States for permanent residence therein) shall be exempt from tax by the United States.

(2) The provisions of this article shall not apply to salaries, wages, or similar compensation paid in respect of services rendered in connection with any trade or business carried on by either of the contracting States for purposes of profit.

ARTICLE XI

A resident of one of the contracting States, who, in accordance with agreements between the Governments of the contracting States or between educational establishments in the contracting States for the exchange of professors and teachers, or at the invitation of the Government of the other contracting State or of an educational establishment in such other State, temporarily visits such other State for the purpose of teaching for a period not exceeding two years at a university, college, school or other educational institution in such other State, shall be exempt from the tax of such other State on his remuneration for such teaching for such period.

ARTICLE XII

(1) A resident of one of the contracting States who is temporarily present in the other contracting State solely as a student at a recognized university, college or school in such other State, shall be exempt from the tax of such other State with respect to remittances from abroad (including payments, if any, by his employer abroad).

(2) A resident of one of the contracting States who is a recipient of a grant, allowance or award from a religious, charitable, scientific, literary or educational organization of such State and who is temporarily present in the other contracting State, shall be exempt from the tax of such other State on such grant, allowance or award remitted from abroad (other than compensation for personal services).

(3) A resident of one of the contracting States who is an employee of, or under contract with, an enterprise of such State or an organization referred to in paragraph (2) of this Article, and who is temporarily present in the other contracting State for a period not exceeding one year solely to acquire technical, professional or business experience from a person other than such enterprise or organization, shall be exempt from the tax of such other State on compensation from abroad paid by such enterprise or organization for his services rendered during such period, if the amount of compensation paid by such enterprise or organization for his services during such period, when computed

on the annual basis, does not exceed 6,000 United States dollars, or the equivalent sum in yen as computed at the official basic rate of exchange in effect at the time such compensation is paid.

ARTICLE XIII

For the purpose of the present Convention:

(a) Dividends paid by a corporation of one of the contracting States shall be treated as income from sources within such State.

(b) Interest paid by one of the contracting States including local Government thereof or by an enterprise of one of the contracting States not having a permanent establishment in the other contracting State shall be treated as income from sources within the former State.

(c) Gains, profits and income derived from the purchase and sale of personal property shall be treated as derived from the country in which such property is sold.

(d) Gains, profits and income derived from the sale by a taxpayer in one of the contracting States of goods manufactured in the other contracting State in whole or in part by such taxpayer shall be treated as derived in part from the country in which manufactured and in part from the country in which sold, and to the extent such gains, profits and income are not allocable under other provisions of the present Convention they shall be allocated between both contracting States in accordance with such taxpayer's relative sales and property in the respective countries.

(e) Income from real property (including gains derived from the sale or exchange of such property, but not including interest from mortgages or bonds secured by real property) and royalties in respect of the operation of mines, quarries, or other natural resources shall be treated as income derived from the country in which such real property, mines, quarries or other natural resources are situated.

(f) Compensation for labor or personal services (including the practice of liberal professions) shall be treated as income from sources within the country where are rendered the services for which such compensation is paid.

(g) Royalties for using, or for the right to use, in one of the contracting States, patents, copyrights, designs, trademarks and like property shall be treated as income from sources within such State.

ARTICLE XIV

It is agreed that double taxation shall be avoided in the following manner:

(a) The United States, in determining the tax of its citizens, residents or corporations or other entities may, regardless of any other provision of the present Convention, include in the basis upon which such tax is imposed all items of income taxable under the revenue laws of the United States as if the present Convention had not come into effect. The United States shall, however, subject to the provisions of section 131 of the Internal Revenue Code as in effect on the first day of January 1954, deduct from its tax the amount of the tax of Japan. In determining the credit under the said section 131 of the Internal Revenue Code, any interest received from an enterprise of the United States with a permanent establishment in Japan shall be treated as income from sources within Japan to the extent so treated under the laws of Japan, if the debt with respect to which such interest is paid is made in connection with the business of such permanent establishment of such enterprise.

(b) Japan, in determining the tax of its residents or corporations or other entities may, regardless of any other provision of the present Convention, include in the basis upon which such tax is imposed all items of income taxable under the tax laws of Japan as if the present Convention had not come into effect. Japan shall, however, deduct from its tax so calculated the amount of the tax of the United States upon income from sources within the United States and included for the taxes of both contracting States, but in an amount not exceeding that proportion of the tax of Japan which such income bears to the entire income subject to the tax of Japan.

(c) In determining the taxes of the contracting States of a recipient, who is a citizen, resident or corporation or other entity of the United States, of a dividend from a Japanese corporation, in so far as the tax of Japan imposed on income or profits of a corporation out of which a dividend is paid is deemed under the tax laws of Japan to have been imposed on a recipient of such dividend:

(i) The United States shall deem that such recipient has paid with respect to such dividend the tax of Japan in an amount equal to 25 percent of the amount of such dividend, and deduct, under the provisions of paragraph (a) of this Article, from its tax the amount of the tax of Japan so deemed to have been paid provided the recipient includes in gross income the amount of tax thus deemed to have been paid, and

(ii) Japan shall impose with respect to such dividend received by such recipient (except as such recipient is a resident of or has a permanent establishment in Japan) no tax other than the tax imposed on income or profits of the corporation out of which such dividend is paid.

ARTICLE XV

(1) Organizations organized under the laws of Japan and operated exclusively for religious, charitable, scientific, literary or educational purposes shall, to the extent and subject to conditions provided in the United States Internal Revenue Code, be exempt from the tax of the United States.

(2) Organizations organized under the laws of the United States and operated exclusively for religious, charitable, scientific, literary or educational purposes shall, to the extent and subject to conditions provided in the tax laws of Japan, be exempt from the tax of Japan.

ARTICLE XVI

(1) There shall be allowed, for the purposes of the tax of the United States, in the case of a resident of Japan who is a nonresident of the United States (other than an officer or employee of the Government of Japan), in addition to the exemption provided in section 214 of the United States Internal Revenue Code as in effect on the first day of January 1954, a credit against net income, subject to the conditions prescribed in section 25 of the Internal Revenue Code as in effect on the said date, for the spouse of the taxpayer and for each child of the the taxpayer who are present in the United States and residing with him in the United States at any time during the taxable year, but such additional credit shall not exceed that proportion thereof which the taxpayer's gross income from sources within the United States for the taxpayer's taxable year bears to his entire income from all sources for the fiscal or calendar year in which ends such taxable year.

(2) For the purposes of the tax of Japan, there shall be allowed in the case of a citizen of the United States who is a resident of Japan the same exemptions for a dependent of dependents as those granted to a national of Japan who is a resident of Japan.

ARTICLE XVII

(1) The competent authorities of both contracting States shall exchange such information available under the respective tax laws of both contracting States as is necessary for carrying out the provisions of the present Convention or for the prevention of fraud or for the administration of statutory provisions against tax avoidance in relation to the tax. Any information so exchanged shall be treated as secret and shall not be disclosed to any person other than those, including a court, concerned with the assessment and collection of the tax or the determination of appeals in relation thereto. No information shall be exchanged which would disclose any trade, business, industrial or professional secret or any trade process.

(2) Each of the contracting States may collect the tax imposed by the other contracting State (as though such tax were the tax of the former State) as will ensure that the exemptions, reduced rates of tax or any other benefit granted under the present Convention by such other State shall not be enjoyed by persons not entitled to such benefits.

ARTICLE XVIII

Where a taxpayer shows proof that the action of the tax authorities of either contracting State has resulted, or will result, in double taxation contrary to the provisions of the present Convention, he shall be entitled to present the facts to the competent authorities of the contracting State of which he is a national or a resident, or, if the taxpayer is a corporation or other entity, to those of the contracting State under the laws of which it is created or organized. Should the taxpayer's claim be deemed worthy of consideration, the competent authorities of such State to which the facts are so presented shall undertake to come to an agreement with the competent authorities of the other contracting State with a view to equitable avoidance of the double taxation in question.

ARTICLE XIX

(1) The provisions of the present Convention shall not be construed to deny or affect in any manner the right of diplomatic and consular officers to other or additional exemptions now enjoyed or which may hereafter be granted to such officers.

(2) The provisions of the present Convention shall not be construed to restrict in any manner any exemption, deduction, credit or other allowance now or hereafter accorded by the laws of one of the contracting States in determining the tax of such State.

(3) Should any difficulty or doubt arise as to the interpretation or application of the present Convention, or its relationship to Conventions between one of the contracting States and any other State, the competent authorities of the contracting States may settle the question by mutual agreement; it being understood, however, that this provision shall not be construed to preclude the contracting States from settling by negotiation any dispute arising under the present Convention.

(4) The competent authorities of both contracting States may prescribe regulations necessary to interpret and carry out the provisions of the present Convention and may communicate with each other directly for the purpose of giving effect to the provisions of the present Convention.

ARTICLE XX

(1) The present Convention shall be ratified and the instruments of ratification shall be exchanged at Tokyo as soon as possible.

(2) The present Convention shall enter into force on the date of exchange of instruments of ratification and shall be applicable to income or profits derived during the taxable years beginning on or after the first day of January of the calendar year in which such exchange takes place.

(3) Either of the contracting States may terminate the present Convention at any time after a period of five years shall have expired from the date on which the present Convention enters into force, by giving to the other contracting State notice of termination, provided that such notice is given on or before the 30th day of June and, in such event, the present Convention shall cease to be effective for the taxable years be-

ginning on or after the first day of January of the calendar year next following that in which such notice is given.

In witness whereof, the undersigned Plenipotentiaries have signed the present Convention.

Done at Washington, in duplicate, in the English and Japanese languages, each text having equal authenticity, this sixteenth day of April, 1954.

For the United States of America:

WALTER BEDELL SMITH.

For Japan:

S. IGUCHI.

EMBASSY OF JAPAN,
Washington, D. C., April 16, 1954.

The Honorable WALTER BEDELL SMITH,
Acting Secretary of State,
Washington, D. C.

SIR: In proceeding today to the signature of the Convention between Japan and the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, I have the honor to enclose herewith, for the purpose of future reference, a memorandum confirming an understanding in regard to the interpretation of certain provisions of that Convention. I shall appreciate receiving from you an acknowledgment and confirmation of this statement of the understanding.

Accept, Sir, the assurances of my highest consideration.

S. IGUCHI.

(Enclosure: Memorandum.)

MEMORANDUM

It is understood that in the application of Article XIV and Articles XI and XII of the Convention between Japan and the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income

(1) the provisions of Article XIV shall not be construed to deny the exemptions from the Japanese tax or the United States tax, as the case may be, granted by Article X (1), Article XI and Article XII;

(2) neither of the contracting States shall be precluded from taxing its own nationals or citizens with respect to income coming within Article XI or Article XII.

DEPARTMENT OF STATE,
Washington, D. C., April 16, 1954.

His Excellency SADAO IGUCHI,
Ambassador of Japan.

EXCELLENCY: I have the honor to acknowledge the receipt of your note dated today and to confirm the understanding, as set forth in the memorandum enclosed with that note, in regard to an interpretation of certain provisions of the Convention Between the United States of America and Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed today.

Accept, Excellency, the assurances of my highest consideration.

WALTER BEDELL SMITH,
Acting Secretary of State.

CONVENTION WITH JAPAN RELATING TO TAXES ON ESTATES, INHERITANCES, AND GIFTS

Executive E, 83d Congress, 2d session, Convention with Japan relating to taxes on estates, inheritances, and gifts, which was read the second time, as follows:

CONVENTION BETWEEN THE UNITED STATES OF AMERICA AND JAPAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON ESTATES, INHERITANCES AND GIFTS

The Government of the United States of America and the Government of Japan, desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates, inheritances, and gifts, have appointed for that purpose as their respective Plenipotentiaries:

The Government of the United States of America:

Mr. Walter Bedell Smith, Acting Secretary of State of the United States of America, and

The Government of Japan:

Mr. Sadao Iguchi, Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America,

who, having communicated to one another their respective full powers, found in good and due form, have agreed upon the following Articles:

ARTICLE I

(1) The taxes referred to in the present Convention are:

(a) In the case of the United States of America: The Federal estate and gift taxes.

(b) In the case of Japan: The inheritance tax (including the gift tax).

(2) The present Convention shall also apply to any other tax on estates, inheritances or gifts which has a character substantially similar to those referred to in paragraph (1) of this Article and which may be imposed by either contracting State after the date of signature of the present Convention.

ARTICLE II

(1) As used in the present Convention:

(a) The term "United States" means the United States of America, and when used in a geographical sense means the States, the Territories of Alaska and Hawaii, and the District of Columbia.

(b) The term "Japan", when used in a geographical sense, means all the territory in which the laws relating to the tax referred to in paragraph (1) (b) of Article I are enforced.

(c) The term "tax" means those taxes referred to in paragraph (1) (a) or (b) of Article I, as the context requires.

(d) The term "competent authorities" means, in the case of the United States, the Commissioner of Internal Revenue as authorized by the Secretary of the Treasury; and, in the case of Japan, the Minister of Finance or his authorized representative.

(2) In the application of the provisions of the present Convention by either contracting State any term not otherwise defined shall, unless the context otherwise requires, have the meaning which such term has under the laws of such State relating to the tax.

(3) For the purposes of the present Convention, each contracting State may determine in accordance with its laws whether a decedent at the time of his death or a beneficiary of a decedent's estate at the time of such decedent's death, or a donor at the time of the gift or a beneficiary of a gift at the time of the gift, was domiciled therein or a national thereof.

ARTICLE III

(1) If a decedent at the time of his death or a donor at the time of the gift was a national of or domiciled in the United States, or if a beneficiary of a decedent's estate at the time of such decedent's death or a beneficiary of a gift at the time of the gift was domiciled in Japan, the situs at the time of the transfer of any of the following property or property rights shall, for the purpose of the imposition of the tax and for the purpose of the credit authorized by Article V, be determined exclusively in accordance with the following rules:

(a) Immovable property or rights therein (not including any property for which specific provision is otherwise made in this Article) shall be deemed to be situated at the place where the land involved is located.

(b) Tangible movable property (including currency and any other form of money recognized as legal tender in the place of issue and excepting such property for which specific provision is otherwise made in this Article) shall be deemed to be situated at the place where such property is physically located, or, if in transitu, at the place of destination.

(c) Debts (including bonds, promissory notes, bills of exchange, bank deposits and insurance, except bonds or other negotiable instruments in bearer form and such debts for which specific provision is otherwise made in this Article) shall be deemed to be situated at the place where the debtor resides.

(d) Shares or stock in a corporation shall be deemed to be situated at the place under the laws of which such corporation was created or organized.

(e) Ships and aircraft shall be deemed to be situated at the place where they are registered.

(f) Goodwill as a trade, business or professional asset shall be deemed to be situated at the place where the trade, business or profession to which it pertains is carried on.

(g) Patents, trade-marks, utility models and designs shall be deemed to be situated at the place where they are registered (or used in case they are not registered).

(h) Copyrights, franchises, rights to artistic and scientific works and rights or licenses to use any copyrighted material, artistic and scientific works, patents, trade-marks, utility models or designs shall be deemed to be situated at the place where they are exercisable.

(i) Mining or quarrying rights or mining leases shall be deemed to be situated at the place of such mining or quarrying.

(j) Fishing rights shall be deemed to be situated in the country in whose government's jurisdiction such rights are exercisable.

(k) Any property for which provision is not hereinbefore made shall be deemed to be situated in accordance with the laws of the contracting State imposing the tax solely by reason of the situs of property within such State, but if neither of the contracting States imposes the tax solely by reason of the situs of property therein, then any such property shall be deemed to be situated in accordance with the laws of each contracting State.

(2) The application of the provisions of paragraph (1) of this Article shall be limited to the particular property, and any portion thereof, which without such provisions would be subjected to the taxes of both contracting States or would be so subjected except for a specific exemption.

ARTICLE IV

Where one of the contracting States imposes the tax solely by reason of the situs of property within such State, in the case of a decedent who at the time of his death, or of a donor who at the time of the gift, was a national of or domiciled in the United States, or in the case of a beneficiary of a decedent's estate who at the time of such decedent's death, or a beneficiary of a gift who at the time of the gift, was domiciled in Japan, the contracting State so imposing the tax:

(a) shall allow a specific exemption which would be applicable under its laws if the decedent, donor, or beneficiary, as the case may be, had been a national of or domiciled in such State, in an amount not less than the proportion thereof which (A) the value of the property, situated according to Article III in such State and subjected to the taxes of both contracting States or which would be so subjected except for a specific exemption, bears to (B) the value of the total property which would be subjected to the tax of such State if such decedent, donor, or beneficiary had been a national of or domiciled in such State; and

(b) shall (except for the purpose of subparagraph (a) of this paragraph and for the purpose of any other proportional allowance

otherwise provided) take no account of property situated according to Article III outside such State in determining the amount of the tax.

ARTICLE V

(1) Where either contracting State imposes the tax by reason of the nationality thereof or the domicile therein of a decedent or a donor or a beneficiary of a decedent's estate or of a gift, such State shall allow against its tax (computed without application of this Article) a credit for the tax imposed by the other contracting State with respect to property situated at the time of the transfer in such other State and included for the taxes of both States (but the amount of the credit shall not exceed that portion of the tax imposed by the crediting State which is attributable to such property). The provisions of this paragraph shall not apply with respect to any property referred to in paragraph (2) of this Article.

(2) Where each contracting State imposes the tax by reason of the nationality thereof or the domicile therein of a decedent or a donor or a beneficiary, with respect to any property situated at the time of the transfer outside both contracting States (or deemed by each contracting State to be situated in its territory, or deemed by one contracting State to be situated in either contracting State and deemed by the other contracting State to be situated outside both contracting States or deemed by each contracting State to be situated in the other contracting State), each contracting State shall allow against its tax (computed without application of this Article) a credit for a part of the tax imposed by the other contracting State attributable to such property. The total of the credits authorized by this paragraph shall be equal to the amount of the tax imposed with respect to such property by the contracting State imposing the smaller amount of the tax with respect to such property, and shall be divided between both contracting States in proportion to the amount of the tax imposed by each contracting State with respect to such property.

(3) The credit authorized by this Article, if applicable, shall be in lieu of any credit for the same tax authorized by the laws of the crediting State, the credit applicable for the particular tax being either credit authorized by this Article or credit authorized by such laws, whichever is the greater. For the purposes of this Article, the amount of the tax of each contracting State attributable to any designated property shall be ascertained after taking into account any applicable diminution or credit against its tax with respect to such property (other than any credit under paragraph (1) or (2) of this Article), provided, however, in case another credit for the tax of any other foreign State is allowable with respect to the same property pursuant to any other Convention between the crediting State under the present Convention and such other foreign State, or pursuant to the laws of the crediting State, the total of such credits shall not exceed the amount of tax of the crediting State attributable to such property computed before allowance of such credits.

(4) Credit against the tax of one of the contracting States for the tax of the other contracting State shall be allowed under this Article only where both such taxes have been simultaneously imposed at the time of a decedent's death or at the time of a gift.

(5) No credit resulting from the application of this Article shall be allowed after more than five years from the due date of the tax against which credit would otherwise be allowed, unless claim therefor was filed within such five-year period. Any refund resulting from the application of this Article shall be made without payment of interest on the amount so refunded, unless otherwise specifically authorized by the crediting State.

(6) Credit against the tax of one of the contracting States shall not be finally allowed for the tax of the other contracting State until the latter tax (reduced by credit authorized under this Article, if any) has been paid.

ARTICLE VI

(1) The competent authorities of both contracting States shall exchange such information available under the respective tax laws of both contracting States as is necessary for carrying out the provisions of the present Convention or for the prevention of fraud or for the administration of statutory provisions against tax avoidance in relation to the tax. Any information so exchanged shall be treated as secret and shall not be disclosed to any person other than those, including a court, concerned with the assessment and collection of the tax or the determination of appeals in relation thereto. No information shall be exchanged which would disclose any trade, business, industrial or professional secret or any trade process.

(2) Each of the contracting States may collect the tax imposed by the other contracting State (as though such tax were the tax of the former State) as will ensure that the credit or any other benefit granted under the present Convention by such other State shall not be enjoyed by persons not entitled to such benefits.

ARTICLE VII

Where a representative of the estate of a decedent or a beneficiary of such estate or a donor or a beneficiary of a gift shows proof that the action of the tax authorities of either contracting State has resulted, or will result, in double taxation contrary to the provisions of the present Convention, such representative, donor or beneficiary shall be entitled to present the facts to the competent authorities of the contracting State of which the decedent was a national at the time of his death or of which the donor or beneficiary is a national, or if the decedent was not a national of either of the contracting States at the time of his death or if the donor or the beneficiary is not a national of either of the contracting States, to the competent authorities of the contracting State in which the decedent was domiciled or resident at the time of his death or in which the donor or beneficiary is domiciled or resident. Should the claim be deeemed worthy of consideration, the competent authorities of such State to which the facts are so presented shall undertake to come to an agreement with the competent authorities of the other contracting State with a view to equitable avoidance of the double taxation in question.

ARTICLE VIII

(1) The provisons of the present Convention shall not be construed to deny or affect in any manner the right of diplomatic and consular officers to other or additional exemptions now enjoyed or which may hereafter be granted to such officers.

(2) The provisions of the present Convention shall not be construed so as to increase the tax imposed by either contracting State.

(3) Should any difficulty or doubt arise as to the interpretation or application of the present Convention, or its relationship to Conventions between one of the contracting States and any other State, the competent authorities of the contracting States may settle the question by mutual agreement; it being understood, however, that this provision shall not be construed to preclude the contracting States from settling by negotiation any dispute arising under the present Convention.

(4) The competent authorities of both contracting States may prescribe regulations necessary to interpret and carry out the provisions of the present Convention and may communicate with each other directly for the purpose of giving effect to the provisions of the present Convention.

ARTICLE IX

(1) The present Convention shall be ratified and the instruments of ratification shall be exchanged at Tokyo as soon as possible.

(2) The present Convention shall enter into force on the date of exchange of instruments of ratification and shall be applicable to estates or inheritances in the case of persons who die on or after the date of such exchange and to gifts made on or after that date.

(3) Either of the contracting States may terminate the present Convention at any time after a period of five years shall have expired from the date on which the Convention enters into force, by giving to the other contracting State notice of termination, provided that such notice is given on or before the 30th day of June and, in such event, the present Convention shall cease to be effective for the taxable years beginning on or after the first day of January of the calendar year next following that in which such notice is given.

In witness whereof, the undersigned Plenipotentiaries have signed the present Convention.

Done at Washington, in duplicate, in the English and Japanese languages, each text having equal authenticity, this sixteenth day of April, 1954.

For the United States of America:

WALTER BEDELL SMITH.

For Japan:

S. IGUCHI.

CONVENTION WITH BELGIUM RELATING TO TAXES ON ESTATES AND SUCCESSIONS

Executive G, 83d Congress, 2d session, convention with Belgium relating to taxes on estates and successions, signed at Washington on May 27, 1954, which was read the second time, as follows:

CONVENTION BETWEEN THE UNITED STATES OF AMERICA AND BELGIUM FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON ESTATES AND SUCCESSIONS

The Government of the United States of America and the Government of Belgium, desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates and successions, have appointed for that purpose as their respective Plenipotentiaries:

The Government of the United States of America:

John Foster Dulles, Secretary of State of the United States of America, and

The Government of Belgium:

Baron Silvercruys, Ambassador Extraordinary and Plenipotentiary of Belgium at Washington,

who, have communicated to each other their full powers, found in good and due form, have agreed upon the following Articles:

ARTICLE I

(1) The taxes referred to in this Convention are the following:

(a) In the case of the United States of America: the Federal estate tax, and

(b) In the case of Belgium: the succession duty and the duty on transfer by death.

(2) The present Convention shall also apply to any other death duties of a substantially similar character imposed by either contracting State subsequently to the date of signature of the present Convention.

ARTICLE II

(1) As used in this Convention:

(a) The term "United States" means the United States of America, and when used in a geographical sense includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

(b) The term "Belgium" means the Kingdom of Belgium, excluding the Colony of the Belgian Congo and the territories under Belgian mandate.

(c) The term "tax" means the Federal estate tax imposed by the United States, or the succession duty or the duty on transfer by death imposed by Belgium, as the context requires.

(d) The term "competent authority" means, in the case of the United States, the Commissioner of Internal Revenue, as authorized by the Secretary of the Treasury, and in the case of Belgium, the Directeur General de l'Enregistrement et des Domains or his duly authorized representative.

(2) For the purposes of the present Convention, the question whether a decedent was at the time of his death a national of or domiciled in the United States or an inhabitant of Belgium, shall be determined in accordance with the law in force in such State.

(3) In the application of the provisions of the present Convention by one of the contracting States, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which such term has under its own law.

ARTICLE III

In the case of the death of a person who at the time of his death was a national of or domiciled in the United States or an inhabitant of Belgium, the situs of any of the following property or property rights shall, for the purposes of the imposition of the tax, and for the purposes of the credit authorized by Article V, be determined exclusively in accordance with the following rules:

(a) Real property shall be deemed to be situated at the place where the land involved is located. The question whether any property or right in property constitutes real property shall be determined in accordance with the law of the place where the land involved is located.

(b) Tangible personal property (other than such property for which specific provision is hereinafter made) and bank or currency notes and other forms of currency recognized as legal tender in the place of issue shall be deemed to be situated at the place where such property or currency is physically located at the time of death, or, if in transitu, at the place of destination.

(c) Debts (including indemnities, insurance and bonds but not including negotiable promissory notes, checks and bills of exchange for which provision is hereinafter made) shall be deemed to be situated at the place where the debtor resides, or, if the debtor is a corporation, at the place in or under the laws of which such corporation was created or organized.

(b) Bills of exchange and checks shall be deemed to be situated at the place of the drawee's residence, and negotiable promissory notes at the place of residence of the maker.

(e) Shares or stock in a corporation (including shares or stock held by a nominee where the beneficial ownership is evidenced by scrip certificates or otherwise) shall be deemed to be situated at the place in or under the laws of which such corporation was created or organized.

(f) Ships and aircraft and shares thereof shall be deemed to be situated at the place of registration or documentation of the ship or aircraft.

(g) Goodwill as a trade, business or professional asset shall be deemed to be situated at the place where the trade, business or profession to which it pertains is carried on.

(h) Patents, trade-marks and designs shall be deemed to be situated at the place where they are registered or, if not registered, where used.

(i) Copyrights, franchises, rights to artistic and scientific works and rights or licenses to use any copyrighted material, artistic and scientific works, patents, trade-marks or designs shall be deemed to be situated at the place where the rights arising therefrom are exercisable.

(j) Rights or causes of action ex delicto surviving for the benefit of an estate of a decedent shall be deemed to be situated at the place where such rights or causes of action arose.

(k) All property other than hereinbefore mentioned shall be deemed to be situated in the State in which the deceased person was domiciled at the time of his death.

ARTICLE IV

(1) If the United States imposes tax in the case of a decedent who at the time of his death was not a national of or domiciled therein but was an inhabitant of Belgium, the United States:

(a) shall allow a specific exemption, which would be allowable under its law if the decedent had been domiciled in the United States, in an amount not less than the proportion thereof which the value of the property subjected to its tax bears to the value of the property which would have been subjected to its tax if the decedent had been domiciled in the United States; and

(b) shall (except for the purpose of subparagraph (a) of this paaragraph and for the purpose of any other proportionate allowance otherwise provided) take no account of property situated according to Article III outside the United States in determining the amount or rate of tax.

(2) If Belgium imposes a tax in the case of a decedent who at the time of his death was not an inhabitant thereof but was a national of or domiciled in the United States, Belgium:

(a) shall allow a specific exemption which would be allowable under its law if the decedent had been an inhabitant of Belgium, in an amount not less than the proportion thereof which the value of the property subjected to its tax bears to the value of the property which would have been subjected to its tax if the decedent had been an inhabitant of Belgium; and

(b) shall (except for the purpose of subparagraph (a) of this paragraph and for the purpose of any other proportionate allowance otherwise provided) take no account of property situated according to Article III outside Belgium in determining the amount or rate of tax.

ARTICLE V

(1) If the United States determines that the decedent was a national of or domiciled in the United States at the time of his death, and Belgium determines that the decedent was an inhabitant of Belgium at the time of his death, each contracting State shall allow against its tax (computed without application of this Article) a credit for the tax imposed by the other contracting State with respect to property situated in such other contracting State and included for tax purposes by both States, but the amount of the credit shall not exceed the portion of the tax imposed by the former State which is attributable to such property. The provisions of this paragraph shall not apply with respect to any property referred to in paragraph (2) of this Article.

(2) If each contracting State imposes tax on any property situated outside both contracting States (or deemed situated in both contracting States), each contracting State shall allow against so much of its tax (computed without application of this Article) as is attributable to such property, a credit which bears the same proportion to the amount of its tax so attributable or to the amount of the other contracting State's tax attributable to the same property, whichever is the less, as the former amount bears to the sum of both amounts.

(3) The credit authorized by this Article, if applicable, shall be in lieu of any credit for the same tax authorized by statute of the crediting State, the credit applicable for the particular tax being either the credit authorized by this Article or the credit authorized by such statute, whichever benefit is the greater. For the purposes of this Article, the amount of the tax in each contracting State attributable to any particular property shall be ascertained after taking into account any applicable diminution or credit against its tax with respect to such property, other than the credit to be allowed under this Article, provided, however, in case credits are allowable with respect to the same property pursuant to any other Convention in force between the crediting State under this Convention and any other State or pursuant to a statute of the crediting State, the total of such credits shall not exceed the amount of tax of such crediting State attributable to such property computed before allowance of such credits.

(4) No credit or refund of any amount of tax resulting from the application of this Article shall be made after six years from the date of the decedent's death unless claim therefor was filed within such period. Any refund of tax resulting from the application of this Article shall be made without payment of interest on the amount so refunded.

(5) Credit against tax imposed by one of the contracting States shall not be finally allowed for tax imposed by the other contracting State until the latter tax (reduced by credit allowable under this Article, if any) has been paid.

ARTICLE VI

(1) The competent authorities of the contracting States shall exchange such information (being information available under the respective taxation laws of the contracting States) as is necessary for carrying out the provisions of the present Convention or for the prevention of fraud or for the effective administration of the taxes which are the subject of the present Convention.

(2) Any information so exchanged shall be treated as secret and shall not be disclosed to any person other than the tax authorities of the contracting States. No information shall be exchanged which would disclose any trade secret or trade process.

ARTICLE VII

Where a taxpayer shows proof that the action of the tax administrations of the contracting States has resulted or will result in double taxation contrary to the provisions of this Convention, he shall be entitled (within a period of two years from the date of the notification of the tax which has been last asserted or proposed, or of the payment of the tax if such payment has been made prior to notification) to lodge a claim with the State of which he is a citizen, or, if he is not a citizen of either of the contracting States, with the State of which he is a domiciliary, or, if the taxpayer is a corporation or other juridical person, with the State in which it is created or organized. Should the claim be upheld, the competent authorities of the two contracting States shall come to an agreement with a view to equitable avoidance of the double taxation in question.

ARTICLE VIII

(1) The provisions of this Convention shall not be construed so as to increase the taxes imposed by the contracting States.

(2) Should any difficulty or doubt arise as to the interpretation or application of this Convention or its relationship to Conventions between one of the contracting States and any other State, the competent authorities of the contracting States may settle the question by mutual agreement.

(3) The competent authority of each contracting State may communicate directly with the competent authority of the other contracting State for the purpose of giving effect to the provisions of this Convention.

ARTICLE IX

(1) Either of the contracting States may, at the time of exchange of instruments of ratification or thereafter while the present Convention continues in force, by a written notification of extension given to the other contracting State through diplomatic channels, declare its desire that the operation of the present Convention, either in whole or as to such provisions thereof as may be deemed to have special application, shall extend to any of its colonies or overseas territories which imposes taxes substantially similar in character to those which are the subject of the present Convention.

(2) In the event that a notification is given by one of the contracting States in accordance with paragraph (1) of this Article, the present Convention, or such provisions thereof as may be specified in the notification, shall apply to any territory named in such notification with respect to the estates or successions of persons dying on or after the first day of January following the date of a written communication through diplomatic channels addressed to such contracting State by the other contracting State, after such action by the latter State as may be necessary in accordance with its own procedures, stating that such notification is accepted in respect to such territory. In the absence of such acceptance, none of the provisions of the present Convention shall apply to such territory.

(3) At any time after the expiration of one year from the effective date of an extension made by virtue of paragraphs (1) and (2) of this Article, either of the contracting States may, by a written notice of termination given to the other contracting State through diplomatic channels, terminate the application of the present Convention to any territory to which the Convention, or any of its provisions, has been extended. In that case, the present Convention, or the provisions thereof specified in the notice of termination, shall cease to be applicable to any of the territories named in such notice of termination with respect to the estates or successions of persons dying on or after the first day of January following the expiration of a period of six months after the date of such notice; provided, however, that this shall not affect the continued application of the Convention, or any of the provisions thereof, to the United States, to Belgium, or to any territory (not named in the notice of termination) to which the Convention, or such provision thereof, applies.

(4) For the application of the present Convention to any territory to which it is extended by the United States or by Belgium, references to "the United States" or to "Belgium" or to one or the other contracting State, as the case may be, shall be construed to refer to such territory.

(5) For the purposes of the present Convention, the Belgian Congo shall be considered to be a Belgian territory to which the provisions of this Article shall apply.

ARTICLE X

(1) This Convention shall be ratified and the instruments of ratification shall be exchanged at Brussels as soon as possible.

(2) This Convention shall come into force on the date of exchange of instruments of ratification and shall be effective only as to the estates or successions of persons dying on or after such date.

(3) This Convention shall remain in force for a period of five years beginning with such date and indefinitely after that period, but may be terminated by either of the contracting States at the end of the five-year period or at any time thereafter, provided that at least six months' prior notice of termination has been given.

Done at Washington, in duplicate, in the English and French languages, the two texts having equal authenticity, this twenty-seventh day of May, 1954.

For the Government of the United States of America:

[SEAL] JOHN FOSTER DULLES.

For the Government of Belgium:

[SEAL] SILVERCRUYS.

Mr. GEORGE. Mr. President, the Senate has before it Executive Report No. 3 dealing with three separate tax conventions, including an income tax convention with Japan—Executive D, 83d Congress, 2d session; an estate and gift tax convention with Japan—Executive E, 83d Congress, 2d session; and an estate tax convention with Belgium—Executive G, 83d Congress, 2d session. The two conventions with Japan were reported favorably by the Committee on Foreign Relations in the last session of Congress. These conventions were again reported favorably by the Committee on Foreign Relations on February 9, 1955, along with the convention with Belgium which was considered by the Committee for the first time in this session.

ESTATE TAX CONVENTION WITH BELGIUM

The convention with Belgium relating to taxes on estates and successions is generally similar to other death duty conventions which the Senate has previously approved, for example, conventions with the United Kingdom, Canada, France, Australia, and others.

ESTATE AND GIFT TAX CONVENTION WITH JAPAN

Similarly, the provisions of the convention with Japan relating to taxes on estates, inheritances, and gifts closely parallel provisions of other death duty conventions now in effect. The unusual feature of this convention is that it is the first treaty to combine provisions applicable to both estate and gift taxes in the same convention. There are now in effect between the United States and Australia both a gift tax convention and an estate tax convention. The pending convention with Japan, however, is the first dual estate and gift tax convention.

INCOME TAX CONVENTION WITH JAPAN

In the case of the income tax convention with Japan, there are several noteworthy features which should be called to the attention of the Senate. It was for the purpose of permitting a fuller discussion of these features that the Senate did not take action upon either of the Japanese tax treaties in the closing days of the last session of the Congress.

Attention should be called first to the principal provisions in the Japanese income tax convention which are particularly favorable to the United States. For example, there is provided a reciprocal exemption of shipping and aircraft operating profits. This provision which was contained in article V of the convention operates primarily in favor of the United States since the Japanese at the present time have no airlines in operation between Japan and the United States. Thus, the exemption of United States aircraft profits derived from operations in Japan is especially favorable to this country. The United States also has the greater preponderance of shipping operations between Japan and the United States so that exemption of the profits derived from shipping benefits the United States more than Japan at the present time.

In article VII of the convention there is provided a reciprocal limitation on the tax on outgoing royalties. The tax on such royalties may not exceed 15 percent. This provision results in a reduction of the Japanese withholding tax on film rentals from the present tax of 20 percent to the 15-percent maximum tax under this convention. At the present time most film rentals flow from Japan to the United States rather than in the tends to be particularly advantageous to reverse direction, so that this provision the United States.

In article X of the convention there is provided an exemption from Japanese tax of compensation paid by the United States Government to a citizen of the United States who is resident in Japan, unless the United States citizen has been admitted to Japan for permanent residence. This exemption is of particular importance to a number of United States citizens who are employed as technical experts in Japan by the United States but whose employment is not of such a nature as to bring it within the diplomatic immunity from tax. The exemption is a reciprocal one but it operates predominately in favor of the United States at the present time.

In article XIII of the convention there are provided certain rules for determining the source of income. These source rules are derived from the United States internal-revenue laws and regulations. Thus, it is significant that the rules for determining sources of income are those with which the United States taxpayers are generally familiar rather than Japanese concepts.

In article XIV of the convention there is a very important provision dealing with the credit for Japanese corporate dividends paid to United States citizens, corporations, or residents. This provision is not a reciprocal exemption. Thus, the United States withholding tax of 30 percent on dividends from United States corporations going abroad to Japanese citizens remains unaffected by the provision.

Under the convention, Japan agrees not to impose any witholding tax on dividends paid to a United States stockholder—unless the recipient is a resident of Japan or has a permanent establishment in Japan. At the present time Japan imposes a 20 percent withholding tax on outgoing dividends. This tax, however, is reduced to 10 percent if the investment tends to further the Japanese economy. Under the provisions of the convention described previously, Japan agrees to impose no withholding tax on outgoing dividends paid to United States recipients.

The convention also provides that with respect to United States recipients of dividends from Japanese corporations, the United States will grant a credit against its tax of 25 percent of the

amount of the dividend but only on the grossing-up principle, to borrow an English term. This provision is generally similar to provisions contained in tax treaties now in effect between the United States and Ireland and between the United States and the United Kingdom.

To illustrate the grossing-up principle, assume that a United States shareholder receives $100 of dividends from a Japanese corporation. If it is assumed that the United States shareholder is taxed on his income at an effective rate of 50 percent, he would compute his United States tax and the allowable credit for the dividend in the following manner: He would include the dividend of $100 in gross income; he would also then include in gross income 25 percent of the amount of the dividend, or $25. Thus, he would include in gross income a total of $125 with respect to the dividend, or more than the actual amount of the dividend. He must include this extra amount in order to get the benefit of the tax credit provided for in the treaty. The tax on this $125, at the effective rate of 50 percent, is $62.50. Against this tax the United States stockholder would receive a credit of 25 percent of $100, or $25. Thus, the United States tax attributable to the $100 Japanese dividend would be $37.50.

This grossing-up principle has the effect of decreasing the advantage of the tax credit as the taxpayer goes into a higher bracket of tax liability. Thus, assume that the United States recipient of the $100 Japanese dividend is in a higher bracket so that he might be taxed, for example, at an effective rate of 85 percent. In this case, he would again have gross income of $125, but his United States tax attributable to the Japanese dividend would be $106.25. Against this tax he would receive a credit of $25, so that he would pay a total United States tax with respect to a Japanese dividend of $81.25. Thus, out of the $100 Japanese dividend he would have left, after paying United States taxes, only $18.75.

This latter example may be compared with a United States citizen who receives a dividend from a domestic corporation. With respect to a $100 dividend from a domestic corporation—leaving out of consideration the dividend exclusion—there would be imposed at an effective tax rate of 85 percent a tax of $85. Against this tax the individual would receive a tax credit of 4 percent of the amount of the dividend, or $4. Thus, the tax attributable to the United States dividend at the 85 percent effective rate would be $81. The individual would thus have $19 remaining on his $100 United States dividend as compared with $18.75 if the dividend had been received from a Japanese corporation.

As indicated earlier, this grossing up principle is similar to that employed in other tax conventions with respect to dividends received by United States recipients from corporations which are entities of the other contracting country.

On balance, Mr. President, it seems very clear that the treaty or tax convention with Japan is more favorable, or at least equally favorable, to the United States than it is to the Japanese citizen who is similarly affected.

The whole purpose of the first treaty with Japan, which I described briefly, and of the Belgium treaty, is really to avoid double taxation in the case of estate and death taxes.

I believe it is agreed that these conventions may be considered together, but a separate vote is desired on each one of them.

The PRESIDING OFFICER. Without objection, the pending conventions will be considered as having passed through their various parliamentary stages up to the point of the consideration of the resolutions of ratification.

CONVENTION WITH JAPAN RELATING TO TAXES ON INCOME

The clerk will first read the resolution of ratification of Executive D, the convention with Japan relating to taxes on income.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive D, 83d Congress, 2d session, a convention between the United States of America and Japan for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at Washington April 16, 1954.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the resolution of ratification?

Mr. KNOWLAND. Mr. President, on that question I ask for the yeas and nays.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question is, Will the Senate advise and consent to the resolution of ratification?

The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Michigan [Mr. MCNAMARA], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

The Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate to attend the atomic energy tests in Nevada.

The Senator from Rhode Island [Mr. GREEN] is absent by leave of the Senate to attend the inauguration of the President of Cuba.

The Senator from Texas [Mr. JOHNSON] and the Senator from Massachusetts [Mr. KENNEDY] are absent by leave of the Senate because of illness.

The Senator from Washington [Mr. MAGNUSON] is absent by leave of the Senate to attend his 25th anniversary celebration in the State of Washington.

I further announce that on this vote the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Texas [Mr. JOHNSON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Washington [Mr. MAGNUSON], the Senator from Michigan [Mr. MCNAMARA], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Virginia [Mr. ROBERTSON], if present and voting, would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senators from Ohio [Mr. BENDER and Mr. BRICKER], the Senator from North Dakota [Mr. LANGER], the Senator from Nevada [Mr. MALONE] and the Senator from Iowa [Mr. MARTIN] are absent on official business.

I also announce that the Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate to attend the inaugural ceremonies of the President of Cuba.

The Senator from Maine [Mrs. SMITH] is absent by leave of the Senate.

The Senator from Wisconsin [Mr. WILEY] is necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. CAPEHART], the Senator from Nebraska [Mr. HRUSKA] and the Senator from Wisconsin [Mr. MCCARTHY] are detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senators from Ohio [Mr. BENDER and Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Nebraska [Mr. HRUSKA], the Senator from Iowa [Mr. MARTIN] and the Senator from Maine [Mrs. SMITH] would each vote "yea."

The yeas and nays resulted: Yeas 72, nays 0, as follows:

YEAS—72

Aiken	Frear	Morse
Barkley	Fulbright	Mundt
Barrett	George	Murray
Beall	Goldwater	Neely
Bennett	Gore	Neuberger
Bush	Hayden	Pastore
Butler	Hennings	Payne
Byrd	Hill	Potter
Carlson	Holland	Purtell
Case, N. J.	Ives	Russell
Case, S. Dak.	Jackson	Saltonstall
Chavez	Jenner	Schoeppel
Clements	Johnston, S. C.	Scott
Cotton	Kerr	Smathers
Curtis	Kilgore	Smith, N. J.
Daniel	Knowland	Sparkman
Dirksen	Kuchel	Stennis
Douglas	Lehman	Symington
Duff	Long	Thurmond
Dworshak	Mansfield	Thye
Eastland	Martin, Pa.	Watkins
Ellender	McClellan	Welker
Ervin	Millikin	Williams
Flanders	Monroney	Young

NOT VOTING—24

Allott	Hickenlooper	Malone
Anderson	Hruska	Martin, Iowa
Bender	Humphrey	McCarthy
Bible	Johnson, Tex.	McNamara
Bricker	Kefauver	O'Mahoney
Bridges	Kennedy	Robertson
Capehart	Langer	Smith, Maine
Green	Magnuson	Wiley

The PRESIDING OFFICER. Two-thirds of the Senators present having voted in the affirmative, the resolution of ratification is agreed to.

CONVENTION WITH JAPAN RELATING TO TAXES ON ESTATES, INHERITANCES, AND GIFTS

Mr. KNOWLAND. Mr. President, I urge all Senators to remain in the Chamber, for we have two additional treaties to consider. They have already been gone into and explained by the chairman of the Foreign Relations Committee, the distinguished senior Senator from Georgia [Mr. GEORGE]. If Senators will remain in the Chamber, we shall be able to complete the ratification of the treaties.

The PRESIDING OFFICER. The resolution of ratification of Executive E will now be read.

The Chief Clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive E, 83d Congress, 2d session, a convention between the United States of America and Japan for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates, inheritances, and gifts, signed at Washington on April 16, 1954.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the resolution of ratification?

Mr. KNOWLAND. Mr. President, on that question I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Clerk will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Michigan [Mr. NCNAMARA], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate to attend the atomic energy tests in Nevada.

The Senator from Rhode Island [Mr. GREEN] is absent by leave of the Senate to attend the inauguration of the President of Cuba.

The Senator from Texas [Mr. JOHNSON] and the Senator from Massachusetts [Mr. KENNEDY] are absent by leave of the Senate because of illness.

The Senator from Washington [Mr. MAGNUSON] is absent by leave of the Senate to attend his 25th anniversary celebration in the State of Washington.

I further announce that on this vote the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Texas [Mr. JOHNSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Washington [Mr. MAGNUSON], the Senator from Michigan [Mr. MCNAMARA], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Georgia [Mr. RUSSELL], if present and voting, would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senators from Ohio [Mr. BENDER and Mr. BRICKER], the Senator from North Dakota [Mr. LANGER], the Senator from Nevada [Mr. MALONE], and the Senator from Iowa [Mr. MARTIN] are absent on official business.

I also announce that the Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate to attend the inaugural ceremonies of the President of Cuba.

The Senator from Maine [Mrs. SMITH] is absent by leave of the Senate.

The Senator from Wisconsin [Mr. WILEY] is necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. CAPEHART], the Senator from Vermont [Mr. FLANDERS], and the Senator from Wisconsin [Mr. MCCARTHY] are detained on official business.

If present and voting the Senator from Colorado [Mr. ALLOTT], the Senators from Ohio [Mr. BENDER and Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Iowa [Mr. MARTIN], the Senator from Vermont [Mr. FLANDERS], and the Senator from Maine [Mrs. SMITH] would each vote "yea."

The yeas and nays resulted: Yeas 71, nays 0, as follows:

YEAS—71

Aiken	George	Morse
Barkley	Goldwater	Mundt
Barrett	Gore	Murray
Beall	Hayden	Neely
Bennett	Hennings	Neuberger
Bush	Hill	Pastore
Butler	Holland	Payne
Byrd	Hruska	Potter
Carlson	Ives	Purtell
Case, N. J.	Jackson	Saltonstall
Case, S. Dak.	Jenner	Schoeppel
Clements	Johnston, S. C.	Scott
Cotton	Kefauver	Smathers
Curtis	Kerr	Smith, N. J.
Daniel	Kilgore	Sparkman
Dirksen	Knowland	Stennis
Douglas	Kuchel	Symington
Duff	Lehman	Thurmond
Dworshak	Long	Thye
Eastland	Mansfield	Watkins
Ellender	Martin, Pa.	Welker
Ervin	McClellan	Williams
Frear	Millikin	Young
Fulbright	Monroney	

NOT VOTING—25

Allott	Green	McCarthy
Anderson	Hickenlooper	McNamara
Bender	Humphrey	O'Mahoney
Bible	Johnson, Tex.	Robertson
Bricker	Kennedy	Russell
Bridges	Langer	Smith, Maine
Capehart	Magnuson	Wiley
Chavez	Malone	
Flanders	Martin, Iowa	

The PRESIDING OFFICER. Two-thirds of the Senators present having voted in the affirmative, the resolution of ratification is agreed to.

CONVENTION WITH BELGIUM RELATING TO TAXES ON ESTATES AND SUCCESSIONS

The resolution of ratification of Executive G will now be read.

The Chief Clerk read the resolution of ratification, as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive G, 83d Congress, 2d session, a convention between the United States of America and Belgium for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates and successions, signed at Washington on May 27, 1954.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the resolution of ratification?

Mr. KNOWLAND. Mr. President, on that question I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Michigan [Mr. MCNAMARA], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from New Mexico [Mr. ANDERSON] is absent by leave of the Senate to attend the atomic energy tests in Nevada.

The Senator from Rhode Island [Mr. GREEN] is absent by leave of the Senate to attend the inauguration of the President of Cuba.

The Senator from Texas [Mr. JOHNSON] and the Senator from Massachusetts [Mr. KENNEDY] are absent by leave of the Senate because of illness.

The Senator from Washington [Mr. MAGNUSON] is absent by leave of the Senate to attend his 25th anniversary celebration in the State of Washington.

I further announce that on this vote the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Texas [Mr. JOHNSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Washington [Mr. MAGNUSON], the Senator from Michigan [Mr. MCNAMARA], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Georgia [Mr. RUSSELL], if present and voting, would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senators from Ohio [Mr. BENDER and Mr. BRICKER], the Senator from North Dakota [Mr. LANGER], the Senator from Nevada [Mr. MALONE], and the Senator from Iowa [Mr. MARTIN] are absent on official business.

I also announce that the Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate to attend the inaugural ceremonies of the President of Cuba.

The Senator from Maine [Mrs. SMITH] is absent by leave of the Senate.

The Senator from Wisconsin [Mr. WILEY] is necessarily absent.

The Senator from Indiana [Mr. CAPEHART] and the Senator from Wisconsin [Mr. MCCARTHY] are detained on official business.

If present and voting the Senator from Colorado [Mr. ALLOTT], the Senators

from Ohio [Mr. BENDER and Mr. BRICKER], the Senator from Iowa [Mr. MARTIN], and the Senator from Maine [Mrs. SMITH] would each vote "yea."

The yeas and nays resulted: Yeas 74, nays 0, as follows:

YEAS—74

Aiken	Frear	Monroney
Barkley	Fulbright	Morse
Barrett	George	Mundt
Beall	Goldwater	Murray
Bennett	Gore	Neely
Bridges	Hayden	Neuberger
Bush	Hennings	Pastore
Butler	Hill	Payne
Byrd	Holland	Potter
Carlson	Hruska	Purtell
Case, N. J.	Ives	Saltonstall
Case, S. Dak.	Jackson	Schoeppel
Chavez	Jenner	Scott
Clements	Johnston, S. C.	Smathers
Cotton	Kefauver	Smith, N. J.
Curtis	Kerr	Sparkman
Daniel	Kilgore	Stennis
Dirksen	Knowland	Symington
Douglas	Kuchel	Thurmond
Duff	Lehman	Thye
Dworshak	Long	Watkins
Eastland	Mansfield	Welker
Ellender	Martin, Pa.	Williams
Ervin	McClellan	Young
Flanders	Millikin	

NOT VOTING—22

Allott	Humphrey	McNamara
Anderson	Johnson, Tex.	O'Mahoney
Bender	Kennedy	Robertson
Bible	Langer	Russell
Bricker	Magnuson	Smith, Maine
Capehart	Malone	Wiley
Green	Martin, Iowa	
Hickenlooper	McCarthy	

The PRESIDING OFFICER. Two-thirds of the Senators present having voted in the affirmative, the resolution of ratification is agreed to.

Mr. GEORGE. Mr. President, I ask unanimous consent that the President be notified of the ratification of the three conventions.

The PRESIDING OFFICER. Without objection, the President will be notified.

Mr. CLEMENTS. Mr. President, I now ask that the nominations on the Executive Calendar be considered.

The PRESIDING OFFICER. Without objection, it is so ordered, and the nominations on the Executive Calendar will be stated.

NATIONAL SECURITY TRAINING COMMISSION

The legislative clerk read the nomination of Albert J. Hayes to be a member.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF COMMERCE

The legislative clerk read the nomination of Louis S. Rothschild to be Under Secretary of Commerce for Transportation.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

TAX COURT OF THE UNITED STATES

The legislative clerk read the nomination of Allin H. Pierce to be judge, for the unexpired term of 12 years from June 2, 1948.

The PRESIDING OFFICER. Without objection the nomination is confirmed.

CIVIL AERONAUTICS BOARD

The legislative clerk read the nomination of Ross Rizley, to be a member.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

RENEGOTIATION BOARD

The legislative clerk read the nomination of Thomas Coggeshall, to be a member.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the Public Health Service.

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the Public Health Service nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the Public Health Service nominations are confirmed en bloc.

Mr. CLEMENTS. Mr. President, I ask unanimous consent that the President be notified of all nominations confirmed today.

The PRESIDING OFFICER. Without objection, the President will be so notified.

LEGISLATIVE SESSION

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

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

OREGON LEGISLATURE MEMORIAL ON JOHN DAY DAM

Mr. MORSE. Mr. President, I have a few brief remarks to make on a memorial adopted by the House of the Oregon Legislature dealing with the John Day Dam.

House Joint Memorial No. 2 of the Oregon Legislature has been placed before the Senate and referred to the appropriate committee.

It requires comment. House Joint Memorial No. 2 relates to the John Day multi-purpose project on the Columbia River which was authorized by the Congress in years past as a wholly Federal project as part of the main control plan for the Columbia River Basin.

The memorial correctly relates the magnificent and urgently required power, navigation, and flood-control benefits of the John Day Dam as a Federal project. It goes on to urge Congress to "appropriate immediately the funds necessary to enable the Corps of Engineers to complete the preliminary investigations and planning for the John Day Project."

That is fine as far as it goes. It should state in addition that the President's recommendation of $500,000 for this purpose is totally inadequate. Apparently the Republican majority in the State Legislature that adopted this memorial, to the applause of the private utilities, thought it best not to mention this fact.

On January 16, Senators MAGNUSON, JACKSON, MURRAY, MANSFIELD, NEUBERGER and I issued a statement expressing the hope that the President would recommend adequate planning funds for John Day Dam. Our hopes went unanswered by the President, who recommended one-third that amount in his budget.

Last year, starting in January, I urged that John Day be a new start—so desperately needed in the Pacific Northwest to provide navigation aid and cheap power and what is equally scarce in our area, jobs.

In March 1953, I urged the Senate Appropriations Committee to provide the funds in the amount of $750,000. That is the amount the Corps of Engineers can use and needs to do a full year's work to ready John Day for construction, a long and laborious process.

The committee recommended $500,000 and the Senate agreed, but the amount was eliminated in conference. I protested and was joined by Senators MAGNUSON and JACKSON. We sought to have the bill recommitted. The then chairman of the Civil Functions Subcommittee, the present minority leader, vigorously opposed us and pointed out that he did not think it wise to proceed to start a project of such dimensions and cost.

We persisted. When the first supplemental appropriations bill was before the Senate, we urged the appropriation of $1.5 million, because after the first elimination of the funds for John Day, the Army Corps of Engineers advised us that if it received funds before August, the planning job could be done in 15 months instead of more than 2 years. Had the Republican 83d Congress acted, John Day could have been under construction this year.

The committee recommended $750,000. The Senate agreed. Once again, every penny for John Day was cut out in conference.

The Democratic Senators from the Pacific Northwest are determined to fight this year for $1.5 million for the accelerated program.

Our area, and the Nation, needs that new start in 1956.

It is my hope that the Oregon Legislature follows up its memorial with a suitable one urging an appropriation of $1.5 million. Let them also urge the President to revise his request so that the job can be done, be done right and be done quickly. Why was that not done in the first place?

The memorial has another subsection asking that the Federal Government "indicate its intention to build the John Day project promptly and solely with Federal funds by making the necessary appropriation to start construction immediately upon completing the preliminary planning or, in the alternative, enact without delay such enabling legislation as is required to permit local agencies to advance funds, under appropriate arrangements with the United States, so that construction of such project by the Federal Government can be initiated immediately."

I fear the Republican draftsman of the resolution was ill-advised about congressional procedure, or totally unaware of how long the planning phase will take. For projects of this sort, Congress limits appropriations to the fiscal year ahead. I fear that the Republican legislators in Oregon were not looking for an assurance that the Federal Government will go forward with the project, but instead were looking for an excuse for advocating so-called partnership.

Let me briefly describe what that "partnership" entails. In doing so I quote the views I presented upon behalf of a majority of the Democrats on the Public Works Committee last year:

This is the partnership prize.

The John Day Dam, an authorized project, is almost exclusively a power dam located on the main stem of the Columbia River.

It will have an installed capacity of 1,100,000 kilowatts (as compared with 39,000 at Cougar and 81,000 at Green Peter-White Bridge). With the addition of upstream storage installed capacity can be increased to 1,500,000 kilowatts.

In the form proposed the project would cost about $400 million exclusive of interest costs during construction. The Army engineers advise that this project is essentially like the McNary Dam project, for which a tentative cost allocation charges power with over 90 percent of the total cost. So that under the plan for the dam proposed in the partnership bill, power would be chargeable with some 90 percent of the cost which will range from $360 million to $400 million without interest charges during construction. Under Federal construction, operation and marketing of power, the Federal investment for power would be returned in full in a 50-year period.

However, this is what the sponsor of the bill (S. 3510) proposes (CONGRESSIONAL RECORD, vol. 100, pt. 5, p. 7042):

"The estimated total cost of the John Day Dam is $320 million. The local interests propose to contribute $164 million or more than half of the cost of the dam to the Federal Government. We are, therefore, dealing with much larger sums of money—hundreds of millions of dollars—than we were in the other cases.

"With the bill providing that the local interests contribute $164 million and that the Federal Government assume the responsibility to pay the remainder of the cost of the dam, one of the first questions that occurs is how this division of financial responsibility was arrived at. The answer is this: We started with the proposition that a partnership in the ordinary sense of the word meant approximately equal contributions by the partners. It was next determined that the probable limit of financing by the local interests was in the neighborhood of $165 million."

In the remarks the sponsor of the bill put into the RECORD he neglected to break down the benefit which will accrue to the respective partners. The benefit which will accrue is that the private utilities which are to receive the power will get the proceeds from the power, and the taxpayers of the United States will get the fish ladders, and will have to pay the flood-control capital cost, but will not receive dividends from the dam. Of course the Secretary of the Interior does not like to have me say in the State of Oregon that he is sponsoring a giveaway project; but he is sponsoring the giving away of millions upon millions of dollars to the private utilities of my State at the expense of the taxpayers of the Nation. The private-utility interests do not own the Columbia River. It belongs to 164 million American people; and as a Senator from the State of Oregon I intend to stand shoulder to shoulder with my colleague in this body to see to it that the taxpayers of the Nation are protected from the giveaway program of the Secretary of the Interior to the private utilities of my State. It is because of the position he takes on John Day and other dams in our section of the country that I always refer to him in my State as the Secretary of the Department of Private Utilities, and not as the Secretary of the Interior.

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point in my remarks the remainder of the comments on the John Day Dam issue which I made in the Senate last year, and to which I have previously referred.

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

An additional feature of this proposal is that the Government will build the project with its own funds—thereby conferring upon the participating utilities the benefit of the low interest rates available to the United States.

The partner or partners would receive an amount of power equal to the total generation of John Day delivered, over Government transmission lines, at load centers. This could involve Federal expenditure for construction of additional transmission facilities, but the partner would pay only for the cost of transmission, not the cost of constructing transmission facilities.

The power partners would receive electricity in proportion to their contribution to the $164 million invested. Among the potential participants, Portland General Electric Co., which initially proposed the plan, undoubtedly would make the major investment and thereby receive the lion's share of the power output.

Interestingly, the method for cost allocation contained in the Cougar and Green Peter bills are not included in S. 3510. That task is left solely to the Army engineers and Federal Power Commission. Yet, the Engineers and the Secretary of Interior recommended the cost allocation formula of the bills for the 2 small projects for use in connection with regular Federal multipurpose projects. In the case of McNary, power has been charged with 97½ percent of the cost of the project.

Apparently, the partnership advocates are not content to have Portland General Electric Co. bear the cost of power generation upon the basis that has resulted in weighting Federal power from McNary with so large a portion of the project cost.

Another aspect of the John Day partnership bill is the express provision for using the Federal transmission system for the distribution of power to Portland General Electric at load center. Partnership advocates have not been so generous in supporting funds for transmission lines to deliver power to PUD's and rural electric co-ops.

But, the main significance of this provision in the bill is the comparison it presents with the Cougar bill, which contains no such provision. However, in the John Day bill the use of Federal transmission lines do not imply the pooling and integration of power. Rather it represents an exchange of power so that Portland General Electric and its junior partners will get an amount of power equal to the amount generated at this mammoth project.

The John Day partnership would result in higher power costs for the profit of a private utility. The people's river and the people's funds, the people's borrowing power—would be used to hand over power under a 50-year contract and the power revenues would be used to repay the people's investment after a markup for the private utility's profit.

Public preference, the chief target of the private utilities of the country, would be nonexistent for a million to a million and a half kilowatts of capacity.

Mr. MORSE. Mr. President, I wish to assure the Senate that the 21-to-7 vote in the State senate and the 34-to-26 vote in the State house of representatives was almost a straight party-line vote. Only two Republican members of the house, Representatives Gust Anderson and McKenzie, to their credit, joined the Democrats in opposition.

It is unfortunate that the Republican leadership in Oregon has made opposition to public power development a partisan issue. It does not represent the rank-and-file Republicans of my State. The people of Oregon, Democrats, Independents, and Republicans, know that inexpensive public power means the difference between economic progress and economic stagnation. The Oregon Republican machine has made itself the party of stagnation.

John Day, like high Hells Canyon Dam, must be built if Oregon is to prosper and make its contribution to the economy and defense of the country.

Do the Republicans in the Oregon State Legislature care to put themselves on record on the Federal Hells Canyon Dam?

Such action is awaited with interest.

The Republican leadership of Oregon, by this resolution, has made itself a soundtruck, with no parade. The people of the State I, in part, represent are not behind the private utility soundtruck which is being driven through the State by the Republican machine of Oregon.

Mr. President, in closing I wish to invite attention to a very fine article written by my colleague [Mr. NEUBERGER], published in the current issue of the Reporter magazine, entitled "Partnership Versus the Public Interest."

I desire to be associated with the observations of the junior Senator from Oregon appearing in this fine article. But before I ask unanimous consent to have it inserted in the RECORD as part of my remarks, I wish to read a quotation or two from the article. The junior Senator from Oregon is one of the most able and brilliant writers in the field of American journalism today, and in this article he has, with his usual clarity, boiled down the essential features of this great power issue in the State of Oregon.

Speaking of the Secretary of the Interior, my colleague says in this article:

When he spoke out for partnership in Oregon last year under the aegis of the Republican National Committee, Secretary of the Interior McKay cited the need for safeguarding the country's exchequer. He did not mention that power receipts are pouring into that exchequer from many of the same Federal projects partnership would displace.

The key partnership bill drafted to date calls for development of the John Day power site on the Columbia River, where the mightiest of America's hydroelectric streams forms the boundary between Oregon and

Washington. This measure, introduced near the close of the 83d Congress with the approval of both the Bureau of the Budget and the Department of the Interior, calls for a dam to cost approximately $320 million. The Government would contribute $156 million of this sum, and the remaining $164 million would come from what the President refers to as "non-Federal interests," meaning in this particular instance the Portland General Electric Co. Mr. McKay had originally announced that the State Grange and farmers' rural electric cooperatives might join with the power company as "non-Federal interests," but these organizations later denounced the proposed partnership in strong terms. The co-ops said that it could mean the doom of public power in the Northwest.

Under the partnership bill, the Government gets as its share of the projects the fish ladders, the navigation locks, and the flood-control gates along the spillway. These are facilities that the President regards as involving "a national interest," a description he evidently does not apply to water power. Kilowatts being thus less important than chutes for salmon or locks for sternwheelers, the "non-Federal interests" receive as their portion of the dam the energy produced in the powerhouse for a period of at least 50 years.

Up to this point partnership may seem a sound venture for the Government. The great dam gets built and the Treasury has to put up only about 49 percent of the funds, as compared with the 100 percent required of the Federal Government in the era of New Deal spending, when Bonneville and Grand Coulee rose above bedrock in the Columbia River.

MR. M'KAY, MEET MR. M'KAY

During a nationwide TV program Secretary McKay, a former Governor of Oregon and Chevrolet dealer, blurted out: "I don't think it's right to subsidize power out in my country—for instance, in Oregon, Washington, and Idaho."

If the Secretary is correct in his contention that the Government is losing money on the kilowatts generated in the Northwest, then altruistic utility companies are merely sparing the Government a fiscal headache in offering to take over the powerhouses. What could be finer for the public? Partnership becomes a generous gesture on the part of Electric Bond & Share and its brethren.

But the truth seems to be that Mr. McKay, like so many other administrators in the Capital, has failed to read material to which his own name is signed. In appraising the bank balance of the Bonneville Power Administration, the 1953 annual report of the Secretary of the Interior noted that "The repayment is substantially in excess of scheduled requirements."

Behind this formal language lurks one of the most profitable financial records of any Federal agency in the land. A total of $128,549,822 has been invested, for example, in construction costs, operating expenses, and interest in the majestic dam at Bonneville, where the Columbia River surges through the Cascade Mountains. Up to June 30, 1954, $48,825,958 has been put back into the Treasury, through the sale of Bonneville current, and Bonneville Dam has been in full operation only since 1943. How many other undertakings, public or private, are more than 35 percent paid for after so brief a period? Even allowing for the decreased value of the dollar, the return would seem to look pretty good.

My colleague goes on to say in this very keen article:

Under the John Day partnership bill, the Government will be paid back by the utility corporation only the funds invested by the powerplant section of the dam, plus the cost of transmission and maintenance. Yet the all-Federal system of operation now in effect at Bonneville and Grand Coulee will probably return to the Treasury many times the total value of both projects.

In fact, the Bonneville Power Administration, which markets at wholesale the energy from all Government dams on the Columbia and its swift tributaries, has collected $340,565,589 in gross income out of hydroelectric-power receipts. Approximately half of this, $170,409,914, has gone to repay the original investment in hydroelectric facilities. The other half has been applied on interest and operating expenses.

Although some of the present advocates of partnership once prophesied that the Federal dams in the Northwest would never find a market for their juice, the demand for kilowatts extends from tidewater to the Canadian boundary. Of the $221,462,229 spent on the generating features of vast Grand Coulee Dam, the largest edifice ever reared by mankind, $51,031,697 already has been repaid to the Treasury. Yet Grand Coulee has not been in full operation even as long as Bonneville. Its complete quota of turbines dates only from 1951.

By any test, these dams have been enormously profitable for the Government. To begin with, they probably would have had to be built anyway to serve other purposes. Grand Coulee is wresting from the high desert 15,000-irrigated homesteads, many of them settled by ex-GI's. Peach orchards and alfalfa fields have driven back the tumbleweed and sagebrush. And Bonneville's locks and lake have increased navigation on the upper Columbia River from 85,715 tons of cargo in 1933 to 1,343,575 tons in 1953. This water competition, in turn, has held down rail and truck freight prices.

The income from power at the dams has been a bonus. Irrigation and navigation were the first reasons for the projects. Yet it is probable that this income may pay for Bonneville and Grand Coulee many times over before steel girders and concrete bastions yield at last to the erosion of wind, weather, and the surging river.

I digress from my reading of the article by my colleague [Mr. NEUBERGER] to make a comment about the phony tax issue which is constantly being raised by Republican spokesmen in my State, the argument that the private utilities pay taxes. If we had continued to be subjected to the high-power rates charged by the private utilities in our State, private enterprise, to the extent of millions upon millions of dollars of investment in new business never would have come into the State. Private enterprises with a volume of business of millions upon millions of dollars came into Oregon, because of the availability of cheap power, which was produced by the great multipurpose dams. Those private businesses have returned to the United States Treasury many, many times the increase in tax dollars the Treasury would ever have received from private utilities had they been allowed to build high-power cost, low-head dams.

When I discuss next week, as I expect to do at the time of the introduction of the Hells Canyon Dam bill, the issue of taxation, I shall present to the Senate a breakdown of the contributions by way of tax payments which private industry has made to the Treasury, payments which never would have been made otherwise, because those private industries never would have come into our State except for the building of such dams as Bonneville and Grand Coulee.

A great dam like Hells Canyon Dam will bring to the Pacific Northwest millions upon millions of dollars' worth of new industry, which never will come in if the Secretary of the Interior shall be permitted to get by with his sellout to the Idaho Power Co., in conjunction with the Idaho Power Co.'s plan to build low-head dams on the Snake River, instead of the great multiple-purpose dam so badly needed in Hells Canyon. The site at Hells Canyon is the greatest remaining multiple-purpose dam site on this continent; yet it is proposed by this administration to scuttle it, so far as the welfare of future generations of American boys and girls is concerned, and to make the same mistake which the private utilities sought to perpetuate in the early days of the first administration of Franklin D. Roosevelt.

The private electric utilities wanted to scuttle the Grand Coulee project and build a low-head dam at Kettle Falls. But President Roosevelt was warned of their scheme by the great Republican leader from my State, Charles McNary; by George Norris, of Nebraska; by Bone and Dill, of Washington; by La Follette, of Wisconsin; Johnson, of California; and other liberals. They pointed out to Roosevelt what the private utilities were up to in seeking permission to build a low-head dam at Kettle Falls, knowing full well that if they got by with it, Grand Coulee Dam never could have been built.

But those Senators had a friendly President to work with, one who understood the Republican source of a conservation program in this country, a Republican source that went back to Teddy Roosevelt and Gifford Pinchot. That program, carried on by a great liberal of liberals, George Norris, who made his historic fights on this issue, aided and assisted by Charles McNary, Bob La Follette, Hiram Johnson, and others, preserved for our generation of American boys and girls their heritage in the natural resources of the Pacific Northwest.

At this time, we who are making this fight in the Senate do not have a friendly President on this issue, because our President has gone along with the private utilities' program under the label of "partnership." It is the kind of partnership under which, as the Senator from Oregon [Mr. NEUBERGER] points out in his great article, the people get the fish ladders and the locks, while the private utilities get the generating forces of the dams and the power profits which come from those generating forces.

That is why I said on an earlier occasion that I do not think much of a partnership in which one of the partners picks the pockets of the other partner. The Eisenhower partnership program, sponsored by his Secretary of the Interior, is a partnership program in which the private utilities, as one of the partners, will proceed immediately to pick the pockets of the American taxpayer; and the private utilities have the audacity to say that they ought to be allowed to do so because, on the basis of their taking, they pay taxes.

The American people need to be told that the great power sites belong to them and that the water belongs to them.

The Government ought to build multiple-purpose dams on these sites and have them owned by the people of the Nation, not by a private-utility, monopolistic combine. That is what Senator NEUBERGER points out so clearly in his fine article.

Mr. President, I ask unanimous consent that the entire article may be printed in the RECORD at this point, as a part of my remarks.

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

PARTNERSHIP VERSUS THE PUBLIC INTEREST

(By Senator RICHARD L. NEUBERGER)

"Partnership" has become one of the most honored words in the lexicon of the Eisenhower administration. It peppers the President's recent budget message wherever natural resources are discussed. Indeed, neither the President nor Secretary of the Interior Douglas McKay can refer to the vast river systems of America without dwelling reverentially on the term "partnership."

The people are told that under partnership they are to enjoy an infinitely more wholesome management of the country's water, timber, and public lands than under Federal operation in the past.

"This budget," declared the President of his financial plans for the fiscal year 1953, "proposes the start of several new construction projects under such partnership arrangements. Thus, we are continuing to develop our natural resources at less cost to the Federal Government."

Yet, although the President and his aides talked frequently and fondly of partnership in general, rarely do administration leaders spell out precisely what they actually mean by partnership. For this, we must turn not to speeches and budget messages but to the proposed legislation through which partnership would be put into effect. Upon studying one of these bills one discovers quite a contrasting prospect to the idyllic descriptions given by the President.

In the cold, terse lines of a printed Senate bill partnership becomes simply a disposal of resources. The American people would be committed not only to parting with some of the most valuable hydroelectric-power sites in the world but also to appropriating public funds so that these sites can be exploited for private interests. Far from developing natural resources at the less cost to the Federal Government boasted of by the President, partnership over the years will deny to the Treasury hundreds of millions of dollars that might otherwise go toward reducing the national debt, which so worries many of the President's followers.

This is perhaps the most startling aspect of partnership. In the name of fiscal responsibility, the public would be deprived of the income-producing features of Federal projects that have been paying for themselves at a much more rapid rate than even their most enthusiastic sponsors ever dared to predict. When he spoke out for partnership in Oregon last year under the aegis of the Republican National Committee, Secretary of the Interior McKay cited the need for safeguarding the country's exchequer. He did not mention that power receipts are pouring into that exchequer from many of the same Federal projects partnership would displace.

The key partnership bill drafted to date calls for development of the John Day power site on the Columbia River, where the mightiest of America's hydroelectric streams forms the boundary between Oregon and Washington. This measure, introduced near the close of the 83d Congress with the approval of both the Bureau of the Budget and the Department of the Interior, calls for a dam to cost approximately $320 million. The Government would contribute $156 million of this sum, and the remaining $164 million would come from what the President refers to as "non-Federal interests," meaning in this particular instance the Portland General Electric Co. Mr. McKay had originally announced that the State Grange and farmers' rural electric cooperatives might join with the power company as "non-Federal interests," but these organizations later denounced the proposed partnership in strong terms. The co-ops said that it could mean the doom of public power in the Northwest.

Under the partnership bill, the Government gets as its share of the project the fish ladders, the navigation locks, and the flood-control gates along the spillway. These are facilities that the President regards as involving "a national interest," a description he evidently does not apply to water power. Kilowatts being thus less important than chutes for salmon or locks for stern-wheelers, the "non-Federal interests" receive as their portion of the dam the energy produced in the powerhouse for a period of at least 50 years.

Up to this point partnership may seem a sound venture for the Government. The great dam gets built and the Treasury has to put up only about 49 percent of the funds, as compared with the 100 percent required of the Federal Government in the era of New Deal spending, when Bonneville and Grand Coulee rose above bedrock in the Columbia River.

MR. M'KAY, MEET MR. M'KAY

During a nationwide TV program Secretary McKay, a former governor of Oregon and Chevrolet dealer, blurted out: "I don't think it's right to subsidize power out in my country—for instance, in Oregon, Washington, and Idaho."

If the Secretary is correct in his contention that the Government is losing money on the kilowatts generated in the Northwest, then altruistic utility companies are merely sparing the Government a fiscal headache in offering to take over the powerhouses. What could be finer for the public? Partnership becomes a generous gesture on the part of Electric Bond & Share and its brethren.

But the truth seems to be that Mr. McKay, like so many other administrators in the Capital, has failed to read material to which his own name is signed. In appraising the bank balance of the Bonneville Power Administration, the 1953 annual report of the Secretary of the Interior noted that the repayment is substantially in excess of scheduled requirements.

Behind this formal language lurks one of the most profitable financial records of any Federal agency in the land. A total of $128,549,822 has been invested, for example, in construction costs, operating expenses, and interest in the majestic dam at Bonneville, where the Columbia River surges through the Cascade Mountains. Up to June 30, 1954, $48,825,958 had been put back into the Treasury, through the sale of Bonneville current—and Bonneville Dam has been in full operation only since 1943. How many other undertakings, public or private, are more than 35-percent paid for after so brief a period? Even allowing for the decreased value of the dollar, the return would seem to look pretty good.

Under the John Day partnership bill, the Government will be paid back by the utility corporation only the funds invested in the powerplant section of the dam, plus the cost of transmission and maintenance. Yet the all-Federal system of operation now in effect at Bonneville and Grand Coulee will probably return to the Treasury many times the total value of both projects.

In fact, the Bonneville Power Administration, which markets at wholesale the energy from all Government dams on the Columbia and its swift tributaries, has collected $340,565,589 in gross income out of hydroelectric-power receipts. Approximately half of this, $170,409,916, has gone to repay the original investment in hydroelectric facilities. The other half has been applied on interest and operating expenses.

Although some of the present advocates of partnership once prophesied that the Federal dams in the Northwest would never find a market for their "juice," the demand for kilowatts extends from tidewater to the Canadian boundary. Of the $221,462,229 spent on the generating features of vast Grand Coulee Dam, the largest edifice ever reared by mankind, $51,031,697 already has been repaid to the Treasury. Yet Grand Coulee has not been in full operation even as long as Bonneville. Its complete quota of turbines dates only from 1954.

By any test, these dams have been enormously profitable for the Government. To begin with, they probably would have had to be built anyway, to serve other purposes. Grand Coulee is wresting from the high desert 15,000 irrigated homesteads, many of them settled by ex-GI's. Peach orchards and alfalfa fields have driven back the tumbleweed and sagebrush. And Bonneville's locks and lake have increased navigation on the upper Columbia River from 85,715 tons of cargo in 1933 to 1,343,575 tons in 1953. This water competition, in turn, has held down rail and truck freight rates.

The income from power at the dams has been a bonus. Irrigation and navigation were the first reasons for the projects. Yet it is probable that this income may pay for Bonneville and Grand Coulee many times over before steel girders and concrete bastions yield at last to the erosion of wind, weather, and the surging river.

THE SILENT PARTNER

The partnership proposed by the Eisenhower administration would end this favorable arrangement. By putting up only about half the cost of a dam, a private utility combine would be able to monopolize the revenues. At the same time, the Government would continue to be saddled with the apparatus that returns no cash dividends—locks and fish ladders.

The most appropriate comparison would be that of two men forming a partnership to build a department store. Each man chips in approximately half the cost. When the store is completed, one partner gets the revolving doors and escalators and fire escapes; the other partner gets the sales counters. That is essentially the division proposed by the administration between the Government and "non-Federal interests" at dam sites along the Columbia River.

Although the opponents of partnership are occasionally denounced as Socialists and radicals, it is significant that the national administration itself favors some Federal dams. The President has urged Congress to authorize the prodigious upper Colorado project at an ultimate cost of $1 billion. Curiously enough, this is not proposed as a partnership. One might ask why partnership is good for dam sites on the Columbia but undesirable for dam sites dotting the Colorado and its silty feeder streams.

The answer is simple. The Columbia is the greatest power waterway in North America. More than 40 percent of this Nation's latent hydroelecricity lies within its swift, cold reaches. Power has been produced more cheaply along the Columbia than anywhere else in the United States. The Bonneville Administration's wholesale rate of two mills a kilowatt-hour has resulted in the moving of nearly half our national aluminum production to this region, although not a single ounce of aluminum was smelted in the Pacific Northwest before 1940. Utility companies that could get the Government to underwrite their tapping of the immense power potential of the Columbia would be waist-high in clover.

The upper Colorado project is something else again. In this realm of light rainfall, many of the rivers are shallow and unreliable

in flow. Furthermore, conservation groups are militantly opposed to the Echo Park Dam, which would flood out the famous Dinosaur National Monument. Power in the upper Colorado is high-cost power contrasted with that on the Columbia. Transmission distances are measured by horizons rather than miles. Industrial locations are few and far between. No utility corporation covets these sites. Accordingly, partnership proposals have not come close enough to the upper Colorado project even to communicate with it by smoke signals.

This is one of the strangest phases of partnership. Evidently it represents no fervent ideological goal of the administration, to be fought for through thick and thin. It is simply a question of dollars and cents—for the power companies. Where the power site is a choice one, the administration advocates partnership with the utilities. Where the kilowatts are likely to be hard to peddle at feasible rates, the Government will go ahead with a socialistic Federal dam. This is an odd course for an administration dedicated to fiscal solvency. The sites that are potentially profitable will be developed in partnership with private corporations, while the marginal sites are to be given a spigot tapping the United States Treasury.

"LOCAL" INTERESTS

The President often uses the word "local" when he discusses partnership. In his opinion, "non-Federal interests" are generally local. Sometimes, in fact, they are—for example, at the few sites where the partner can be a municipal light plant. But "local" hardly describes the Idaho Power Company, to which the administration would give the great Hell's Canyon hydroelectric site, a dark and spectacular gorge more than a mile deep.

Nearly all the largest holders of common stock in the Idaho Power Company are banks and insurance companies, with headquarters thousands of miles from Hell's Canyon. Only about 7 percent of the common stock is owned in the intermountain West, where the Snake River has trenched America's deepest abyss. Sixty-six percent of the stock is held on the distant Atlantic Coast. On top of all this, the Idaho Power Company holds its annual meetings in Augusta, Maine, which is about as remote as one can be from Hell's Canyon without crossing an international border.

President Eisenhower occasionally likes to trace the lineage of his regime back to Theodore Roosevelt. Mention of the Rough Rider by President Magloire of Haiti brought noisy approval from a recent joint session of Congress. Yet one can only wonder what the first Roosevelt would have thought of partnership. Gifford Pinchot, who was Roosevelt's campfire friend and chief forester, has told how the two of them relied upon subterfuge to save hydroelectric sites in the West from "the Power Trust." They designated as forest ranger station locations the places along roaring mountain rivers where the utilities planned to stake out claims.

"Power sites were passing into corporate hands in ways both legal and illegal," Pinchot wrote in his autobiography, Breaking New Ground. "Some of these ranger stations we located deliberately on water-power sites, in order to ensure some form of Government control * * *. A certain number of ranger stations were applied for which were needed less for rangers than to give the Government a temporary hold on some power site and prevent the power octopus from sucking it in."

The difference between these tactics and the partnership program of the present administration need not be elaborated upon. Roosevelt and Pinchot stretched the law to keep power sites in the West out of private hands. Mr. Eisenhower and Secretary McKay seek authorization to use Federal funds to develop western water-power sites for the benefit of private utilities.

THE EARTH BELONGS OF RIGHT

Tumbling plumes of water are not the only public property now being subjected to the dubious blessings of partnership. Through its Departments of Agriculture and Interior, the administration has endorsed two proposals that would make big timber operators and a handful of favored livestock owners the partners of the American people in managing our national forests. A timber-exchange bill would require that lumbermen whose acreage was taken by the Government for any purpose could demand choice Government forest land in return.

Lyle F. Watts, formerly Chief of the United States Forest Service, contends that the bill has been so drawn as to apply only to the largest lumber operators. "It's a big man's bill," he adds.

Furthermore, the bill places lumber on a higher legal plane than any other possession of the human race. Ever since George Washington's era, the Government has had an obligation to pay only in money whenever it commandeered property—whether the property consisted of a farm, church, factory, or school. Under the terms of the timber-exchange bill, money would not be sufficient. Lumbermen would be entitled to redemption in kind, a privilege never vouchsafed to the farmer whose home is acquired for a highway or a military cantonment. In addition, the lumbermen might pick national forest lands that furnish recreation for thousands of skiers or campers.

Another bill would increase the equity of livestock operators in the 44 percent of national forests which comprise grazing lands. Under this particular variety of partnership, the authority of rangers to police mountain meadows belonging to the public would be modified. By making a few minor improvements in the range, stockmen might be able to sell grazing permits when they sold their ranches, although these permits are for land supposedly belonging to the Government. A permit to graze only a hundred head of cattle on national forest lands could add at least $25,000 to the value of a ranch. Even today the 61 million acres of western national forest lands used for grazing are monopolized by a mere 3.5 percent of western stockgrowers.

Outdoor organizations have warned that the bill would give 18,000 stockmen a higher claim on the national forests than 30 million vacationers and sightseers. "Under such a program," warns the Denver Post, "our national forests would be put in hock to one particular group of forest users." Yet this bill passed the Senate with administration backing last year by a vote of 44 to 41, and was blocked in the House only by the eleventh-hour rush that occurs when congressional valises and Presidential fishing rods are packed.

"Partnership" is a reassuring word to most Americans. It implies mutuality of interest, a sharing of losses and gains. But the curious partnership suggested by the national administration in the development of the most valuable natural resources still belonging to the American people calls for all the losses to be on one side and all the gains on the other. The appeal of partnership has depended to date upon ignorance of the true facts.

"The earth," said Gifford Pinchot, who founded our Federal forest reserves, "belongs of right to all its people, and not to a minority, insignificant in numbers but tremendous in wealth and power. The public good must come first."

Mr. MORSE. Mr. President, in closing, I wish to say that the Democratic Senators of the Pacific Northwest intend to continue this year to fight as valiantly as they can to awaken the people of the United States to the need for the building of John Day Dam as a Federal project. I say to the people of the State of Oregon that if it is not to be built as a Federal project, then, remember, it will be because we were stopped by a Republican administration. The time has come to put the Republican members of the State legislature, which adopted the memorial to which I referred early in my remarks, right on the political spot, and to ask them to stand up and be counted: First, are you for the John Day Dam as a Federal project, and are you doing everything you can to get the Republican administration to see the importance to the economic welfare not only of the Pacific Northwest, but of the country as a whole, from the building of John Day Dam as a Federal project?

Second, are you for Hells Canyon Dam as a Federal project? And are you, as Republican members of the legislature, doing everything you should be doing to get a Republican administration to walk out of the agreement which it has entered into with the private utilities, because that agreement is against the public interest? Do you intend to repudiate it and serve notice on the Nation that the Republican administration will have no more of a partnership arrangement whereby the private utility partner proceeds to pick the pockets of the American taxpayer?

Let me make it clear that so far as I am concerned, this fight has just started. I am satisfied that once the American people, in all sections of the country, not only in the Pacific Northwest, but also in Massachusetts, New York, Florida, the Middle West, and the South, come to understand that we who are fighting for the building of John Day and Hells Canyon Dams as Federal projects are fighting to protect the interests of this generation and also future generations in the natural resources of the country, they will react with approval to our position, and they will show their approval in 1956.

AMENDMENT OF NATIONAL HOUSING ACT

Mr. CLEMENTS. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 36, joint resolution (S. J. Res. 42) to amend the National Housing Act, as amended.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The question is on agreeing to the motion of the Senator from Kentucky.

The motion was agreed to; and the Senate proceeded to consider the joint resolution (S. J. Res. 42) to amend the National Housing Act, as amended.

The PRESIDING OFFICER. The joint resolution is open to amendment. If there be no amendment to be offered, the question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The question now is, Shall the joint resolution be passed?

Mr. SPARKMAN. Mr. President, it is my understanding that the senior Senator from Virginia [Mr. BYRD] desired to make a statement on the joint resolution. I note the Senator from Virginia is now present.

The PRESIDING OFFICER. The Chair recognizes the senior Senator from Virginia.

Mr. BYRD. Mr. President, I simply wish to make clear my objections to the joint resolution. I shall vote against the pending joint resolution for numerous reasons. In my judgment, any one of these reasons would be sufficient to justify winding up all the Federal housing programs.

One of the reasons is the fact that a relatively limited examination of a small minority of accounts in only one of the many housing programs has developed scandals beyond compare in the history of our Government.

Another reason is the fact that the legislation under which these programs are promoted is loose beyond repair. This has resulted in lax administration. And the combination has attracted racketeers who have infiltrated the housing industry to exploit buyers, tenants, and the reputations of honest builders and lending institutions.

The whole housing program is now suffering with a scandal cancer which bears marked similarity to the one that infested the RFC in its notorious latter days.

In short, like the RFC, the housing programs were originated as depression measures; war emergencies caused an otherwise unjustified survival of these programs; and in postwar inflation they have outlived their usefulness and become a lucrative haven for unscrupulous exploiters of public credit and Federal Government largesse.

During the 21 years since 1933, in guaranteed, insured, and direct loans, direct appropriations, appropriations for payments in lieu of taxes, appropriations for the purchase of capital stock, and so on, the Federal Government has used public credit and funds to subsidize domestic housing to a gross total of more than $60 billion.

I use the term "subsidize" advisedly. I know it will be argued that real property stands back of the housing loans, which may be foreclosed. I know also that fortunately a minimum number of foreclosures has been necessary to date, because of war conditions and inflated markets. But I know also that if and when the real estate bubble deflates ever so slightly, there will be a wild clamor for the public, through Federal housing programs, to absorb the losses.

A tremendous amount of this public credit has been used for private gain at the expense of buyers, tenants, and the Government. The notorious 608 program of FHA is one example, if an example is needed.

This public credit has been made available in the form of contingent debt, and the Federal money has been made available by direct drafts on the Treasury outside of budgetary control and appropriation procedure, as well as through direct appropriations, and just about every other conceivable financing device.

The housing subsidies which have been provided in the form of direct appropriations represent a high degree of total financial loss to the Government.

The loss in insured, guaranteed, and direct loans is impossible of estimate for several reasons.

Most of them are long-term loans, of duration ranging up to 40 years.

In the case of insured loans, most of the relatively rare cases of foreclosure to date have been followed by disposing of the property again under other publicly insured loans.

Gross reserves from earnings for all the housing programs, exclusive of Federal Home Loan banks and Federal Savings and Loan Insurance Corporation, total less than $300 million against approximately $35 billion in direct, guaranteed, and insured loans outstanding.

Most of the authority to lend directly, purchase mortgages, and insure loans contemplates revolving funds so as to provide continuing use of the authority.

A summary, in gross figures, of public credit and Federal funds which have been used since 1933 is set forth in a table which I shall ask to have printed following my remarks.

The figures in the table are gross, and they do not reflect such repayments as have been made. Its purpose is simply to show the tremendous extent to which public credit and Federal funds have been used to subsidize domestic civilian housing.

The $60 billion total is more than all the agricultural subsidies in this period; it is more than all the transportation subsidies, including postal deficits; and is more than all the foreign aid expenditures. It ought to be enough.

I ask to have printed the table to which I have referred, showing the compilation of gross figures to demonstrate the magnitude of the Federal housing program.

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

Summary of public credit and money (gross) which have been made available under Federal housing programs—1933 to June 30, 1954

[In thousands]

Program	Authority to make loans, grants, purchase mortgages, and insure loans		Authority to expend from public-debt receipts			Appropriations		Administrative expenses [1]	Reserves from earnings	Payments to U. S. Treasury (interest, dividends, and capital)
	Total current authority	Cumulated gross total authority used	Total current authority	Gross amount borrowed	Owed to Treasury	Total	Unexpended balance			
Housing and Home Finance Agency:										
Authority to make loans, grants and purchase mortgages:										
Office of the Administrator:										
Housing loans for educational institutions	[2] $300,000	$49,624	$300,000	$51,500	$51,500			$953		[3] $792
Slum clearance and urban redevelopment:										
Loans	[2] 1,000,000	49,806	1,000,000	38,000	38,000			6,891		[3] 988
Capital grants	500,000	19,401				$28,000	$8,599			
Federal National Mortgage Association [4]	3,650,000	2,365,000	[5] 3,650,000	3,716,463	2,233,210			13,848	$35,683	[3 6] 188,814
Home Loan Bank Board:										
Federal home-loan banks	(7)	(7)	1,000,000						39,362	[6 8] 150,917
Federal Savings and Loan Insurance Corporations	(9)		750,000					7,287	147,620	[6 8] 69,226
Home Owners Loan Corporation		3,498,903		3,279,669				272,792		[8] 200,000
Public Housing Administration:										
Administrative expenses						37,941	321	78,278		
Annual contributions	336,000	160,715				169,422	14,640			
Loan authorization	[2] 1,500,000	3,882,137	1,500,000	4,445,256	215,000				4,130	[3] 89,912
Total, authority to make loans, grants, and purchase mortgages	7,286,000	10,025,586	8,200,000	11,530,889	2,537,710	235,362	23,559	380,048	226,795	700,649

[1] Includes expenditures from appropriated and agency funds.

[2] Lending authority is limited by corporate resources, including authority to expend from public-debt receipts shown in col. 3. Generally, lending authority is approximately equal to authority to expend from public-debt receipts.

[3] Interest.

[4] Figures are cumulative since transfer to Housing and Home Finance Agency. Records of business in this program while it was under RFC were not readily available.

[5] Federal National Mortgage Association could borrow from the Treasury any amount sufficient to finance its portfolio of mortgages.

[6] Dividends.

[7] Figures for Federal home-loan banks are excluded because they are now privately owned. The total amount of loans that may be outstanding at any one time is limited to 12 times the amount of their capital which on June 30, 1954, was $420,532,700. Gross loans made through June 30, 1954, was $5,599,302,297.

[8] Capital.

[9] There is no monetary limitation on the lending authority of this Corporation which is authorized to make loans to insured institutions to prevent default.

Summary of public credit and money (gross) which have been made available under Federal housing programs—1933 to June 30, 1954—Con.

[In thousands]

Program	Authority to make loans, grants, purchase mortgages, and insure loans		Authority to expend from public-debt receipts			Appropriations		Administrative expenses	Reserves from earnings	Payments to U. S. Treasury (interest, dividends, and capital)
	Total current authority	Cumulated gross total authority used	Total current authority	Gross amount borrowed	Owed to Treasury	Total	Unexpended balance			
Housing and Home Finance Agency—Continued										
Authority to insure loans:										
Federal Housing Administration:										
Title I:										
Insurance program, sec. 2 (home improvement)	$1,750,000	$7,056,271				38,244		$31,142	$29,387	
Housing insurance program, sec. 8		104,521				8,333		1,826	449	[3] [8] $8,333
Title II:										
Mutual mortgage insurance program, sec. 203, 1- to 4-family		17,452,328				41,994		221,112	64,198	[3] [8] 59,054
Housing insurance program, sec. 207-210, rental		357,123				4,170		13,739	676	[3] [8] 5,557
Housing insurance program, sec. 213, cooperative		365,205								
Title VI:										
War housing insurance program:										
Sec. 603, 1- to 4-family		3,645,260								
Sec. 608, multiple rental	[10] 20,342,863	3,439,771				5,000		70,196	106,498	[3] [8] 6,390
Sec. 609		5,030								
Sec. 610		24,462								
Sec. 611		12,546								
Title VII: Housing investment insurance program, sec. 701						1,000		39	−77	[3] [8] 1,108
Title VIII:										
Military housing, sec. 803		596,228				5,000		4,137	9,196	
Title IX:										
Defense housing:										
Sec. 903		428,753						4,091	739	[3] [8] 5,441
Sec. 908		58,698								
Total, authority to insure loans	22,092,863	34,446,197				103,741		346,282	211,067	85,883
Other:										
Office of the Administrator:										
Lanham public works						[13] 65,807		400		[3] 197
Defense community facilities and services:										
Loans		3,233				20,625	$6,130	250		[3] [8] 43
Grants		11,012								
Advanced planning of non-Federal public works:										
1st advanced planning						65,000		2,083		[8] 19,820
2d advanced planning						28,607	5,018	1,856		[3] [8] 6,529
Alaska housing program		17,753				19,000		403		
Loans for prefabricated housing	(11)	52,444	(11)	$36,170	$12,801	(11)		754		[3] [12] 1,446
Public Housing Administration:										
Public war housing						[13] 1,654,978	8,673	89,007	25,000	[8] 408,363
Subsistence homesteads and Greentowns						[13] 62,454		1,850		[8] 20,499
Veterans' reused housing program						[13] 442,625	171	14,639		[8] 36,472
Homes conversion program						[13] 90,109		10,910		[8] 29,278
Total, other		84,442		36,170	12,801	2,449,206	19,991	122,153	25,000	522,647
Total, Housing and Home Finance Agency	29,378,863	44,556,225	$8,200,000	11,567,059	2,550,510	2,788,309	43,550	848,483	462,863	1,309,179
Veterans' Administration:										
Guaranteed loans	(14)	12,439,634				613,211		90,772		[3] 39,081
Direct loans	411,093	343,860	366,719	366,719	363,741				8,335	[3] 8,126
Total, Veterans' Administration	411,093	12,783,494	366,179	366,719	363,741	613,211		90,772	8,335	47,207
Department of Agriculture:										
Farmers' Home Administration:										
Farm ownership loans:										
Direct loans	[15] 19,550	418,732	[15] 19,550	444,446	(16)	30,000		(16)		(16)
Insured loans	[17] 100,000	75,319						(16)		
Title V, Housing Act of 1949:										
Farm housing loans	[15] 15,950	97,305	[15] 15,950	97,174	(16)	1,350		(16)		(16)
Farm housing grants		364				1,050		(16)		
Contributions		86								
Total, Department of Agriculture	135,500	591,805	35,500	541,620		32,400				
Grand total	29,925,455	[18] 57,931,524	8,602,219	12,475,398	2,914,252	3,433,921	43,550	939,254	471,198	1,356,386

[3] Interest.
[8] Capital.
[10] May be increased by $500 million upon approval of the President.
[11] Authority to make loans and to borrow from public-debt receipts has expired. This program is now in liquidation. Notes were canceled by the Treasury in the amount of $3,383,339 before June 30, 1954.
[12] Interest paid by Housing and Home Finance Agency on notes since 1950. Does not include interest paid to Treasury while program was under RFC.
[13] Represents allocations or reallocations to Public Housing Administration and its predecessor agencies on the basis of the best information available.
[14] Authority is unlimited, except by maximum to which individual loans may be guaranteed.
[15] This is the amount authorized by Congress for fiscal year 1954. Authority is granted annually.
[16] Not available.
[17] Annual limitation.
[18] This is a cumulative gross total of loans and grants made, mortgages purchased, and loans insured. It does not reflect repayments.

Mr. BYRD. Mr. President, I should like to make the RECORD clear that I shall vote in the negative on the passage of the joint resolution.

The PRESIDING OFFICER. The question recurs on the passage of the joint resolution.

The joint resolution (S. J. Res. 42) was passed, as follows:

Resolved, etc., That section 217 of the National Housing Act, as amended, is hereby amended by striking out "$1,500,000,000, except that with the approval of the President such aggregate amount may be increased by not to exceed $500,000,000" and inserting in lieu thereof "$3,500,000,000."

PEACETIME APPLICATION OF ATOMIC ENERGY

Mr. PASTORE. Mr. President, in his closing remarks at the Bangkok Conference this morning, Secretary of State Dulles urged the members attending the Conference to participate with the United States in the peacetime applica-

tions of atomic energy. Such cooperation was made possible by the general authorization for agreements for cooperation incorporated in the Atomic Energy Act of 1954.

I think it is especially meaningful that, at this conference devoted to the broad problems of southeast Asia, the Secretary placed emphasis on the peaceful uses of atomic energy. I can think of no more appropriate time or place for him to have made his statement. The closing sentence of Secretary Dulles' speech this morning was:

My Government is resolved that we shall do all in our power to assure that these benefits are increased and are widely available to our friends.

As chairman of the Subcommittee on Agreements for Cooperation of the Joint Committee on Atomic Energy, I wish to endorse the position taken by Secretary Dulles in Bangkok. I shall do everything within my power to insure that the agreements for cooperation which are negotiated by the State Department and the Atomic Energy Commission and which are duly submitted for review to the Joint Committee on Atomic Energy are handled promptly and receive every encouragement.

I ask unanimous consent to have printed at this point in my remarks the full text of that portion of the statement by Secretary Dulles in Bangkok this morning which deals with peacetime atomic cooperation.

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

STATEMENT OF PEACEFUL USES OF ATOMIC ENERGY MADE BY SECRETARY OF STATE DURING ECONOMIC DISCUSSION ON FRIDAY MORNING, FEBRUARY 25, 1955, AT THE BANGKOK CONFERENCE

In considering measures which will strengthen the economic shelf of our Nation and speed their development, we look to the opportunities of the future as well as the problems of the present. New hope of a future of human well-being is stirred by the possible peaceful uses of atomic energy. The vision of atoms as the servant of mankind rather than its destroyer, which President Eisenhower eloquently presented to the U. N. General Assembly on December 8, 1953, has caught the imagination of men everywhere. The unanimous endorsement by the Ninth General Assembly of steps taken to implement the President's "Atoms for Peace" proposal testified to the continuing validity of this vision.

Four of the nations represented here are engaged in the present negotiations to establish an international atomic energy agency, and we look forward to the participation in due course of all of us.

Discussion in the United Nations and official notice from the United States Embassies in this conference have, no doubt, given information as to the assistance program which the United States has undertaken now in the period while the agency is being established. I wish to take this opportunity to express directly the sincere hope of my Government that each of you will take full advantage of these various programs. I note with gratification that, in the first reactor training course to be conducted at our Atomic Energy Commission's Argonne National Laboratory, 10 students will attend from nations represented here. Two students each from Australia, France, the Philippines, Pakistan, and Thailand, have been selected for this course which commences in March. I hope that you will send other students to the second course next fall.

I am pleased also that applications from Australia and Thailand have been received for the special course in radioisotopes technique to be given in May 1955. The most sympathetic consideration is being given to these applications, and to the request for technical libraries received from Australia and France. We will be happy to receive other requests for libraries and for participation in the various training programs.

My Government believes that these preparatory programs raise the realistic approach to mastering of the basic technique of utilization of the atom. Through mastery and extension of these techniques we work toward the vast potential contribution of the atom to our healthier prosperity. The bold 10-year program of construction of nuclear power stations, recently announced by the United Kingdom is a heartening affirmation that the promise of atomic energy is not a matter of the distant future. The vigorous basic program on which you are now all embarking is evidence that you will be prepared to share in these benefits. The cooperation which my Government is prepared to offer under the Atomic Energy Act of 1954 is not limited to training. As you are aware, 100 kilograms of fissionable material have been set aside for use in construction of research reactors in other countries. Our Department of State and Atomic Energy Commission are ready to discuss with interested countries the negotiation of agreements for cooperation under which some of this nuclear fuel could be made available. I am confident also that, beyond the programs of assistance which have been formulated and announced, there are other ways in which we can be of help. If you will present your proposals and inquiries regarding possible cooperation and assistance, they will receive careful and sympathetic study.

Already the application of atomic energy in science, medicine, agriculture, and industry is of substantial value. My Government is resolved that we shall do all in our power to assure that these benefits are increased and are widely available to our friends.

Mr. PASTORE. Mr. President, last fall a special subcommittee of the Joint Committee on Atomic Energy visited many of the countries represented at the Bangkok Conference. The report of that subcommittee was placed in the CONGRESSIONAL RECORD on February 18 by the Senator from Ohio [Mr. BRICKER], who was the acting chairman on the trip. The effectiveness and appropriateness of the trip was particularly emphasized in the newspapers of the country on the day the report was released.

The subcommittee found that in most countries which they visited the new climate for international cooperation in atomic energy, which has developed here in the United States, was inadequately understood. This was true in India, which had long been interested in getting United States assistance in obtaining a supply of heavy water for a large research reactor to be built by their Atomic Energy Commission. The subcommittee urged the Indian Government to renew its request for our assistance on this matter, and on the very day the report of the subcommittee was issued the Atomic Energy Commission announced that it had approved the renewed Indian request.

In these days of talk about H-bombs, radiation fallout, and all the accompanying horrors which could result from a new world conflict, it is all too easy to lose sight of the fact that we must get on with constructive steps so that this will be a better world in which to live. Appropriate as it may be to talk about defending free nations against communism, it is not enough. We must do everything in our power to demonstrate to our friends in the free countries around the world that staying free from communism is worth while. Secretary Dulles has made this very clear at Bangkok, for during the past week he has not only given to the Southeast Asian nations assurances that the United States stands ready to assist them in defending themselves against communistic aggression, but—equally important—he has now given them the strong assurances of the United States that this most advanced tool available to mankind will be used in every way possible to raise the standards of living, to improve health, and to make their countries better places for their people.

I think it is also important to call attention to the fact that we are not proposing an atomic Marshall Plan for Southeast Asia or any other part of the world. What Secretary Dulles called to the attention of his colleagues in Bangkok was that we stand ready to assist them in whatever way they may desire. We are not seeking to impose our way of living upon them. This is the very point the Senator from Ohio [Mr. BRICKER] expressed so effectively on the Senate floor, last Friday. We can be friends and we can have friends, provided we recognize the freedom these people must have to choose the kind of world in which they wish to live. And we must stand ready to assist them in obtaining what they want in the field of atomic energy.

Mr. President, I take this opportunity to commend Secretary Dulles for ending the Bangkok Conference on this note. It was an act of true statesmanship, and deserves the bipartisan support which I am sure it is receiving and will continue to receive in the Congress of the United States.

INCREASE IN SALARIES OF JUSTICES AND JUDGES OF THE UNITED STATES COURTS AND MEMBERS OF CONGRESS—CONFERENCE REPORT

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

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

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

Mr. KEFAUVER. 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. 3828) to adjust the salaries of judges of United States courts, United States attorneys, Members of Congress, 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, pp. 2160–2161.)

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. KEFAUVER. Mr. President, I should like to make a brief statement concerning the report.

The conferees met for approximately 2 hours on yesterday, to try to work out the differences between the House and the Senate versions of this proposed legislation. In the effort to agree upon a report which could be submitted to the two Houses the point of give or take was reached. The report has already been agreed to by the House of Representatives, and is now before the Senate.

In regard to the salaries of the members of the judiciary—the judges—there was no substantial difference between the House and the Senate figures. I do not think there is any particular argument on that score.

The House version of the bill provided for an effective date, insofar as the judiciary is concerned, of January 1, 1955—that is to say, retroactive to that date. As for the congressional salaries, the House version provided for a date retroactive to the beginning of this term, namely, to January 5, 1955. On that point the conferees on the part of the Senate insisted upon the Senate version; and the House receded and agreed to substantially the position taken by the Senate, namely, that the new rate would become effective on the first day of the first month after the bill became a law. The language agreed upon was that it would become effective on the 1st of March, which is substantially in accordance with the position taken by the Senate.

The House version contained a section 4, which authorized an increase in the salaries of members of the professional staff of committees. It also authorized an increase in the salaries of clerical employees of the various legislative committees, and proposed amending the law by raising the ceiling on such salaries to $14,800, instead of the present ceiling of $11,646. In the conference, the House conferees insisted very strongly upon that provision with reference to legislative employees. Such a provision was not contained in the Senate version of the bill.

In the statement by the managers on the part of the House, the following appears:

COMPENSATION OF LEGISLATIVE EMPLOYEES

The House version of the bill contained a provision to raise the maximum basic compensation of professional and clerical staff members of the standing committees to $10,000 and further provided that the ceiling of $11,646 as it related to legislative employees be adjusted so that the ceiling existing under the classified pay act should be substituted therefor. The House receded from its insistence on this provision, which was not contained in the Senate version of the bill, but it was the opinion of the conferees on the part of both Houses that some adjustment should be made relating to pay increases to legislative personnel. It was the further sense of the conferees that the respective committees of each House explore the salaries of all legislative personnel for the purpose of an upward adjustment in relation to their pay as it is believed that this matter is essentially one which should be the subject of a pay act applying to all legislative personnel.

Mr. President, let me point out that this matter is before another committee, which is considering it. Furthermore, there was not very much testimony about it; in fact, the Senate had absolutely none on it. So our position was that this item should not be approved and agreed to by the Senate. After a lengthy argument the House conferees receded and the Senate position was sustained.

The House bill also contained a provision for increasing the amount which United States district attorneys and their assistants might be paid. Under present language in appropriation bills the ceiling is $15,000. The minimum for a United States district attorney is $12,000. The ceiling for assistant United States district attorneys is $12,000, and the minimum is $6,000.

There was substantial testimony before the Judiciary Committee on the question of district attorneys. Mr. Brownell testified, as did Mr. Rogers, the Deputy Attorney General, who appeared on behalf of Mr. Brownell. There was also a statement by Mr. Segal, Chairman of the Joint Commission, in which he said that while the Commission had no authority to report officially on the question of salaries for United States district attorneys, the members of the Commission felt that they should be given an increase. It was testified that there was a great deal of difficulty in obtaining and keeping competent men as United States attorneys, particularly in the larger cities. It was said that the importance and volume of Federal legislation had greatly increased, requiring excellent lawyers to handle the important cases, in which at times there are involved corporations which have a great many highly paid lawyers. It was testified that in order to obtain the services of the kind of attorneys necessary properly to represent the best interests of our Government in connection with Federal legislation, the salaries of such attorneys should be increased.

The Senate Judiciary Committee discussed this subject at some length. Our opinion at the time the bill was passed was that, in the interest of proper administration of justice, district attorneys and their assistants should be given an increase; but inasmuch as that subject was not covered in the Segal Commission report, we did not include it in the bill.

The press of the Nation has generally been in favor of increasing the compensation of United States district attorneys. I have before me an editorial from Washington Star of this afternoon, in which the conclusions reached by the conferees are highly commended. The editorial states that it is believed that, in the give and take of the conference, a good job had been done. Particular pleasure is expressed over the fact that something had been done with respect to United States district attorneys.

On this item the Senate conferees receded and accepted the House provision. Under the new language the salary range for district attorneys will be $12,000 to $20,000. That does not mean that they will be paid $20,000, but the Attorney General is given discretion to decide as to the worth of a man, what salary is required to keep him, and the importance of the work in a particular judicial district. The Attorney General will be enabled to fix salaries for United States district attorneys between the two figures named.

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

Mr. KEFAUVER. I shall be glad to yield to the Senator from Louisiana in a moment.

Under the present rule of the Attorney General district attorneys may not engage in outside law practice, as they formerly did. The conferees considered writing into law the prohibition which now exists by virtue of an order of the executive department. However, feeling that such a provision would be subject to a point of order, the conferees omitted it. It is our feeling that the order referred to should be continued. The conferees expressed themselves as being willing to support a bill to write into permanent law the prohibition against engaging in other law practice, which prohibition is currently imposed upon United States district attorneys.

I now yield to the Senator from Louisiana.

Mr. ELLENDER. What is the present range of salaries for Federal district attorneys?

Mr. KEFAUVER. The present range of salaries is from $12,000 to $15,000.

Mr. ELLENDER. And the conferees propose to increase the maximum by $5,000?

Mr. KEFAUVER. The conferees proposed to increase the maximum so as to provide for a range from $12,000 to $20,000.

Mr. ELLENDER. What caused the Senate conferees to change their minds? As I remember, when the distinguished Senator from Minnesota [Mr. THYE] submitted an amendment to the Senate bill to include district attorneys, the Senator from Tennessee took the position that inasmuch as we were dealing with salaries of the judiciary and of Members of Congress, it was not felt that the salaries of district attorneys should be covered by the bill, but should be excluded from it.

Mr. KEFAUVER. Yes.

Mr. ELLENDER. What caused the conferees to change their minds?

Mr. KEFAUVER. The position I took in the debate was the position of the Senate conferees in the conference. I will say frankly that that is the way I feel now, and I think all the other Senate conferees feel that this is a subject which should be handled in separate legislation. However, the House conferees receded on the matter of legislative increases, and on raising the ceiling for certain legislative employees. This was a conference of give and take.

We felt that authorization of an increase in the salaries of district attorneys had a close connection with problems affecting the judiciary, in the administration of justice. We felt that the salaries of district attorneys were closely related to judicial salaries. We had to recede in order to bring a bill out of conference.

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

Mr. KEFAUVER. I yield.

Mr. ELLENDER. As I recall, the congressional salary level fixed in the House version was $22,500, plus an expense account. The Senator stated that the conference was a matter of give and take, and that in order to reach an agreement, the Senate conferees receded with respect to the provision for district attorneys, but with respect to the salaries of Members of Congress, the House conferees receded.

Mr. KEFAUVER. No. I stated that with respect to legislative employees, the House conferees receded. I refer to section 4 of the House version of the bill. The Senator will recall that the bill proposed to increase the salaries of professional staff members, and also of clerical employees of Congress.

Mr. ELLENDER. Did not that provision relate only to the staffs of committees, that is the heads of committee staffs?

Mr. KEFAUVER. It would have increased the salaries, not only of the heads of committee staffs, but of all professional staff members.

Mr. ELLENDER. I thought the House version of the bill pertained to committee staffs only, and not to the staffs of the Members of Congress.

Mr. KEFAUVER. That may be correct, although I believe that employees in a Senator's office whose salaries are held down by virtue of the classification ceiling of $11,646 would be benefited by raising the ceiling.

Mr. ELLENDER. With respect to the salaries of Senators and Members of the House, they were the same in both bills, except that in the House version there was a $2,500 expense account.

Mr. KEFAUVER. That is correct.

Mr. ELLENDER. The conferees agreed to split that in half, did they not?

Mr. KEFAUVER. No; that was not the agreement. Let me say that in the conference we spent most of our time arguing in favor of the Senate position relating to salaries of Members of Congress. The House conferees were adamant in insisting that there should be an increase of $2,500 over that provided by the Senate bill. It seemed that we would not be able to reach any agreement. The salary increase under the House version of the bill would have been retroactive to the beginning of the term of Congress; that is, January 5.

Finally, in the give and take of the conference, the House conferees agreed with us as to the effective date. They gave up the idea of the $2,500 increase. However, there was a great deal of discussion in the conference meeting, as there has been a great deal of discussion in the Senate, as to expenses which Members of Congress must meet, over and above the allowance which is made for legitimate and necesary office expenses. I refer to such items as overage in stamps, long-distance telephone calls, telegraph expense; subscriptions to newspapers to which Members of Congress must subscribe, although perhaps not necessary; subscriptions to the Congressional Quarterly and other congressional aids; duplicating machinery which is used in informing constituents or issuing newsletters; and perhaps amounts paid out of the pockets of Members for research or for occasional employees. In the compromise which was reached the House conferees agreed to accept the Senate version in regard to the effective date, and in lieu of the $2,500, there was provided $1,250 a year, though not by way of salary.

Mr. ELLENDER. It is an additional cost, however, is it not, which is equal to 50 percent of $2,500, the amount provided in the House bill?

Mr. KEFAUVER. I read from the conference report at the bottom of page 2:

> (b) For the purpose of assisting in defraying expenses incurred in the operation of their respective offices, each Senator, Representative in Congress, Delegates from the Territories, and the Resident Commissioner from Puerto Rico shall be entitled to reimbursement for such expenses for each fiscal year at the rate of $1,250 per annum, which shall accrue quarterly and be paid in quarterly installments upon itemized vouchers certified by such Senator, Representative, Delegate, or Resident Commissioner.

The provision further states that this amount of money shall not be considered as salary for purposes of retirement.

In answer to the Senator's question, I do not believe it would amount to an additional $1,250, because many Senators and Representatives—and I believe this is particularly true with reference to Representatives, because they do not represent an entire State—would not have official and legitimate expenses growing out of the conduct of their offices over and above what they are already allowed.

I submit to the Senator from Louisiana it seems to me there is justification for some allowance for this kind of expense. Without it, it is impossible for Senators to operate their offices without paying for them out of their own pockets. Only yesterday, for example, my secretary brought me approximately 20 checks to sign for subscriptions to newspapers over the State. I believe all of us subscribe to newspapers, and all of us take many other aids. As private citizens, we would subscribe to the hometown papers, and perhaps one or two other newspapers. I believe every Member subscribes to 50 or 60 newspapers. This extra allowance can be used only for expenses for which itemized statements are submitted showing that the expenses have been incurred in connection with the necessary operation of the office of a Senator or Representative.

Mr. ELLENDER. Mr. President, am I to understand that the Senator from Tennessee subscribes to as many as 50 or 60 newspapers from his State?

Mr. KEFAUVER. I believe I take about 100.

Mr. ELLENDER. Does the Senator know of any other Senators who do that?

Mr. KEFAUVER. I do not know what other Senators do. I do know what I am doing.

Mr. ELLENDER. I have been in the Senate for 18 years, and I have not taken so much as one newspaper subscription, as I recall. We have newspapers available to us in the reading room commonly known as the Marble Room. I use those newspapers.

Mr. KEFAUVER. I take quite a number of county newspapers and weekly newspapers, which are not available to us in the Senate. Of course, the subscription cost in each case is only two or three dollars a year.

Mr. ELLENDER. I cannot agree that subscriptions to newspapers would be a legitimate expense to operate one's office. Suppose a Senator desired to use any part of the $1,250 for the purpose of increasing the salary of a clerk in his office. Could he do it?

Mr. KEFAUVER. I should not think so.

Mr. ELLENDER. Therefore, the amount is to be used merely to pay actual expenses along the line the Senator has indicated. Is that correct?

Mr. KEFAUVER. The Senator is correct.

Mr. ELLENDER. That is, for newspapers, for example, if he desires to subscribe to them?

Mr. KEFAUVER. I believe that if a Senator engages a person to do some special work for him or to do some research, or if he employs an extra secretary for a day or two, he would be justified in paying such a person out of the allowance.

Mr. ELLENDER. But not a regularly employed clerk; is that correct?

Mr. KEFAUVER. That is correct. A regularly employed clerk would have to be compensated out of other appropriations.

Mr. ELLENDER. Can the Senator tell us what the difference is in cost as between the bill passed by the Senate and the one now before the Senate for consideration in the form of the conference report?

Mr. KEFAUVER. The maximum amount which would be added to the Senate bill, if every Representative and every Senator should have maximum expenses which amount to $1,250 in each case—which I do not believe would be true—would be about $700,000.

Mr. ELLENDER. The Senator means that if each Senator used the full amount provided in the bill now under consideration it will cost about $700,000 more a year than the bill as passed by the Senate a few days ago?

Mr. KEFAUVER. It would be $1,250 times 531.

Mr. ELLENDER. What about the number of trips home permitted the Members of Congress? As I recall, the House provided for one trip, and the Senate provided for five trips.

Mr. KEFAUVER. That is correct.

Mr. ELLENDER. To what extent did the House conferees object to the five trips? Did the Senator from Tennessee have much trouble in getting the House conferees to adopt the Senate version of the bill in that respect?

Mr. KEFAUVER. In the debate on the floor I believe even the opponents

of the bill agreed that the actual expense of returning to one's State or district a limited number of times, if one had to take such trips, should be compensated for. There was no criticism of that provision from any source, even from Senators who had opposed salary increases.

Mr. ELLENDER. In respect to those extra trips, provided for in the bill, I understand they must be clearly for official business. Is that correct?

Mr. KEFAUVER. That is correct. All the legislative background shows that the payments are to be made on a mileage basis, and it is contemplated that the Committee on Rules of each House will adopt rules which will follow the official allowance with respect to mileage expenses in force for other Government departments. I believe the amount at the present time is 6 cents a mile.

Mr. ELLENDER. I wish to thank the Senator from Tennessee. It is my hope that the conference report will be rejected. I object to these fringe benefits. In fact I am against the bill. One of the arguments advanced for more pay is the tremendous expenses a Senator is put to and yet we provide, somehow, for most of these extra expenses. As I stated in debate I would have been willing to vote for a reasonable increase in salary in keeping with the increased cost of living. Mr. President, I wish to again thank my friend from Tennessee for answering my questions.

Mr. KEFAUVER. I thank the Senator from Louisiana for his questions.

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

Mr. KEFAUVER. I yield.

Mr. FULBRIGHT. The $1,250 amount disturbs me a little. I am not quite reconciled to it. Is it not correct to say that the expenses for which that amount is designed are deductible on the income tax return?

Mr. KEFAUVER. They are at the present time; that is correct.

Mr. FULBRIGHT. At the present time?

Mr. KEFAUVER. Yes.

Mr. FULBRIGHT. With the rather substantial salary increase carried by this bill, which would put most, if not all, Members of Congress in a higher income tax bracket, the payment of the expense charges would not be a very great burden.

Mr. KEFAUVER. I may say to the Senator that I, too, am not happy about the $1,250 item.

We did not want it. We tried to get the House conferees to strike it out. I do not know what else we could do. We had to reach an adjustment between the bill the House passed and the bill the Senate passed. I think it is a fair compromise. As the Senator from Oregon [Mr. MORSE] so well stated, there are aids in connection with the necessary things which Senators and Representatives must do, but we all know the expenses exceed the allowance we receive. I have had to pay something additional for telephone calls and telegrams. Undoubtedly the Senator from Arkansas has had to do likewise, for example, in the matter of addressograph or duplicating machines. I am not happy about it, but it is a compromise.

Mr. FULBRIGHT. I appreciate the Senator's position as a conferee. I am glad to hear him say he is not happy about it. Not having been a conferee, I am in position to object to it, and I think I shall have to vote against the conference report. I think it is not justified on the facts.

Mr. MONRONEY. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I yield to the Senator from Oklahoma.

Mr. MONRONEY. Mr. President, I am terribly disappointed in the conference report which has been submitted to the Senate. In the Reorganization Act, when the congressional salaries were raised from $10,000 to $15,000, we at that time tried to make it a clear, clean-cut matter of pay and not a series of special allowances and special things attached as extra emoluments of office. I was glad when we made the $2,500 expense allowance taxable as salary.

The Senate voted to increase congressional salaries to $22,500, a 50-percent increase over what we had been receiving. Then we sent the bill to conference. I am deeply disappointed to find now another "gimmick" tied to it.

I am becoming tired of hearing talk about getting free haircuts. I am glad to pay for my own haircuts. With the tip included, the cost is the same as it is outside. If our job is of value in service rendered to the country I think we are entitled to some increase in salary. I feel the motion of the Senator from Louisiana for a lesser amount should have been agreed to. But, certainly, we should not go over $22,500. We are in the undesirable position of being the only ones under the law who can fix our salaries. It works both ways. It works to retard, to delay, and to keep the Members of the Congress usually behind the rising costs of living and inflation. But it also places upon us the responsibility of seeing to it that what we vote for ourselves can be fully justified.

As I read this device, if I can charge the cost of my local newspapers, my Christmas cards, or flowers sent to bereaved persons in my State, and other expenses which are so broadly and carelessly defined in the language, the public will consider it to be an additional $1,250. Of course, Members may be supposed to account for it, but would the Rules Committee of the Senate or the Accounts Committee of the House measure and pass those items? I do not see it provided for in the language of the bill. The salary voted by the Senate only day before yesterday includes money to be spent for expenses in an amount far exceeding the $1,250 provided as an expense allowance in the bill. Much of the salaries accruing to the office of Senator and Representative go for things that would be normal expenses in an attorney's office or in private business. I think this extra amount is uncalled for in this bill. Congress has it in its power to put into its operational expenses whatever deficiency might need to be met.

In the matter of stamps, we receive an adequate allowance for airmail stamps. I understand the franking privilege is still available to the Members of the House and Senate. If we want to send Christmas cards by the thousand, or if we wish to put stamps on our news letters or other things, we have no right to charge campaign expenditures to the Treasury.

I rather think we are adequately recompensed in our allowances. I had the privilege of checking my telegram account and found I had used less than half of the amount allowed over the years, and slightly over half of the telephone expense allowed. I was surprised in checking my stationery account to find that there was a $1,000 balance remaining. Possibly I am a very poor Senator and possibly I do not keep in sufficiently close contact with my constituents, but I feel that in trying to operate Government business there are economies that should not call for a wastage of telephone calls or telegrams or an overemphasis on supplies and stationery.

I feel that because we are in a position which no one wishes to occupy, of being forced under the law to fix our own salaries, we must always lean over backward to be sure that what we do is within the range of propriety.

For that reason, Mr. President, I am hopeful that the Members of the Senate will send the report back to the conference with the demand that the $1,250 additional expense be stricken from the bill, and that we may have a straightforward, fully taxable $22,500 salary which, to my way of thinking, is perfectly adequate, if not more than adequate to cover our salaries and the necessary business expenses which always have been considered part and parcel of the salary paid to us as Members of the Congress.

Mr. DIRKSEN. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I wish to make a brief comment, and then I shall yield the floor.

Mr. President, I appreciate fully the attitude of the distinguished Senator from Oklahoma. We made pretty much the same argument for a long time in the conference. Perhaps it is unfortunate that there were not present other Senators who might have made a more forceful argument. But in a conference report we cannot have our way about everything. There were approximately 6 or 7 points of disagreement. We got our way on almost everything. The report represents the best compromise we knew how to make. We felt that if we got salaries out of adjustment, we would have to change many other parts of the bill. So far as the question of additional expenses is concerned, if a Senator or a Representative does not have them, he will not charge them. We did the best we could in the conference. I hope we can have an early consideration one way or the other. If the Senate does not like the report, it can send it back to conference.

I now yield to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, first let me make it clear— —

Mr. KEFAUVER. Mr. President, may I yield the floor?

Mr. DIRKSEN. Did the Senator yield time to me?

Mr. KEFAUVER. I do not have control of the time.

Mr. DIRKSEN. Mr. President, I ask for recognition.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The Senator from Tennessee has yielded the floor. The junior Senator from Illinois is recognized.

Mr. DIRKSEN. I wish to make it clear to the Senate that this proposal is not on all fours with the way the expense allowance was originally provided. I share no disappointment such as that voiced by the distinguished junior Senator from Oklahoma. Years ago I was on the joint committee with him when the Legislative Reorganization Act was drafted.

The $2,500 expense allowance was the result of a floor amendment in the House of Representatives. My friend from Oklahoma knows that quite well. He is familiar with the history of that allowance. The amount of the expense allowance was fixed at $2,500, to be accredited on a monthly basis to every Member. It appears on the Senator's fiscal sheet in the disbursing office every month. That is the way it always has appeared. It required no voucher; it required no itemization whatsoever; it was an automatic accretion. I have no doubt that actually it was an addition to the salary check, because the Internal Revenue Service at that time simply required that a Member scrawl on his income-tax blank a statement to the effect that the $2,500 was fully expended, and no other questions were asked.

The provision was amended by a resolution or an amendment, which was offered on the floor of the Senate by the distinguished Senator from Delaware, by inserting the words "No accounting shall be made except for income-tax purposes."

Let us consider what the new language does. I was not too happy about it, but I think we have it nailed down. I trust that no senatorial arrogance will ever come into my mind which will make me feel that I am superior to any one of the 435 Members of Congress at the other end of the Capitol.

When all is said and done, proposed legislation before conferences and in conference reports is a matter of compromise. The House receded on the retroactive feature. The House receded on the disparities in judicial salaries. The House receded on quite a number of items. Finally, this item became the bone of contention, and it was worked out.

First, we said that the $1,250, which is only half the amount allowed in the House bill, should be for the operation of the respective Members' offices. If any Member has a flexible viewpoint and wishes to buy wedding flowers, funeral wreaths, or Christmas cards, that will be for the individual Member to determine. But the language is clear that the amount provided is for the operation of the respective offices of the Members. I do not intend to go around monitoring any senatorial conscience as to whether a Senator is buying Santa Claus cards, when the language of the bill is "the operation of their respective offices."

If I were a member of the staff of the disbursing office, and an item for Christmas cards came in, I would disallow it. I think I would be in a position to do so.

So the committee of conference required, first, that the funds be limited to the operation of a Member's office.

Next we provided the language: "shall be entitled to reimbursement."

There is nothing automatic about this. It is not accredited to any Senator. At the end of a quarter, after he has spent the money for an office operation, he must submit an itemized voucher before he can be repaid. If he does not submit a voucher, he will receive no money.

Under present law, the amount is automatically placed upon a Member's pay sheet. But under the proposed language there is nothing automatic about it. If a Member does not spend the money, he cannot be repaid a dollar.

In the report we tried to recite that money spent for robot paper, robot machines, telephone calls, and telegraph services would be proper office expenses.

My friend from Oklahoma says that he has money left over. I make long-distance telephone calls very frequently. I have an idea that in most months it costs me $75 out of my own salary, because when emergency situations, hurry-up situations arise, I do not send letters; I call up the persons in the State of Illinois. I think they like that kind of service, and I like to give it to them. So I consider that to be a legitimate office expense.

If I want to go to the trouble to file a voucher at the end of a 3-months' period and say that I have spent so much for long-distance calls, and I have paid for them, I think I am entitled to reimbursement of the money I have spent. If I have paid the money out of my own pocket, I do not think I should have to pay an income tax on it after I have expended it in the service of the people.

The language reads: "It shall accrue quarterly." I think we have nailed down the language pretty well. I do not care particularly what appears in the press about it. This is entirely defensible language. We have put it in better shape than it was before.

A question arose about clerk hire. If a Member hires extra personnel in his office for a couple of weeks to attend to an avalanche of mail, that is a legitimate office expense, and a ceiling of $1,250 a year is provided for it. This is a ceiling, and there is nothing automatic about having the amount repaid. If a Member does not wish to go to the trouble of filing a voucher with the Disbursing Office, he will not get back any of the $1,250. His pay sheet at the end of the month, showing how much has been allocated for salary and how much has been deducted for income tax withholding purposes, will not disclose an amount for office expense. Either a Member must spend the money and then submit a voucher for reimbursement, or else he will receive none of the money.

I have regard for the 435 Members of the other body. This is one item on which they were quite adamant. There was a little feeling of dissidence, which was a carryover from last year. When we went to conference on the pay bill, on the provision involving retirement, the Members of the House wished to put themselves in the same position as that occupied by every employee of the United States Government on the civil service rolls. Every employee, whether he is in grade 1 or grade 18, is entitled to compute his earnings for the five highest years for purposes of his retirement. An effort was made in conference to include such a provision. There were 11 conferees from the House at that time. It was the Senate conferees who put their foot down on the proposal. Nothing was done, but it should have been done. The House has been smarting a little about it. They have been very much interested in it.

I remind Senators that there was not a single dissenting vote at 15 minutes after 12 today when the House agreed to the conference report. I suggest, therefore, in view of the fact that this is defensible language, and since Senators cannot get the money unless they spend it, and it must be for the legitimate operation of their offices, that they should be pretty careful about recommitting the report to conference and making it necessary to go back to the House.

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

Mr. DIRKSEN. I yield.

Mr. MONRONEY. The junior Senator from Illinois serves on the Committee on Appropriations. He certainly knows that in connection with appropriation bills the practice is that both Houses, or either House separately and individually, can write whatever limit it wishes to write into an item for office expenses and an allowance for the necessary needs of Members to operate their offices.

If the Senate in its wisdom should choose not to participate in the $1,250 allowance, the Members of the House would not be proscribed from taking action on an appropriation bill for the legislative branch, and fixing whatever additional allowance it might wish to provide for long-distance telephone calls, telegrams, photoengravings, broadcast-scripts, airmail stamps, and all the other perquisites, including all the weekly and daily newspapers published in their respective districts, if they wished to do so. That is within their power.

But the point I desire to make is that this is a pay bill. There is nothing in it about the amount of stationery which Federal judges may have. There is nothing in the bill about the operational expenses of the offices of other Federal officials. This is a pay bill. I feel certain, considering the diligence and care which the distinguished Senator from Illinois exercised in connection with the pay features of the Legislative Reorganization Act, that he is fully conscious of the fact that the best light in which Congress can stand is to keep the bill as a pay bill, and to announce to the whole country and the whole world exactly what we are receiving.

If reimbursement for other items is considered to be necessary, let it be handled in a bill in which it properly belongs, but not in a pay bill.

Mr. DIRKSEN. Mr. President, I make two answers to the Senator from Oklahoma. The easiest answer I can make to him is that he would not have to file a single voucher, and could leave the $1,250 in the Treasury. That is infinitely easier than going before a subcommittee of either of the appropriation committees. This is a matter for every Senator to determine. If the Senator wants to be flexible about it, it is all right with me. I know what I think office expense means, and when I file a voucher for office expense, it will be office expense for an activity in the public interest.

The other answer I make to the Senator is that I do not know whether he has had the experience of going before a subcommittee of the Committees on Appropriations, either in the House or in the Senate. I served on the Appropriations Committee in the House for 12 years. I know what a tough nut it was to crack to get a dollar out of the Appropriations Committee, and I know how the committee constantly sat down upon every effort of Members to get the wherewithal to operate properly their public offices. Then, of course, there is the usual timidity that always is evidenced.

I say this not disparagingly, but, Mr. President, our pleas are frequently disregarded. I went before the subcommittee on legislative appropriations on a number of occasions. I protested the fact that rugs in a great many Senatorial offices were not fit to be there, because those offices are public offices, and I was heartily ashamed of the kind of rug I got when I moved into suite 204. I continued my efforts until 50 rugs were purchased, and, thank goodness, I received one of them for my office. I want to be proud of my office when my constituents visit it, as a great many of them do.

I appeared before the Appropriations Committee requesting additional personnel. It was like pulling teeth to get clerical help—and I happened to be a member of the Committee on Appropriations. The Senator who was chairman of the committee at that time does not happen to be present on the floor at the moment, but I fairly begged for a couple of clerks. I had to compromise. I wanted three. I was told, "We will give you one."

Why are we so niggardly about our own affairs, I should like to know? Do we not want to do a good job, Mr. President? Can my colleagues not explain their need to their constituents? If I thought for one moment that enough of my constituents had some doubt about my integrity in public office and the expenditure of this fund, I would quit the Senate. It is just that simple.

When are we going to get over our timidity? When are we going to vote for ourselves the instrumentalities which are necessary in order that we may serve the public? The selfishness lies on the side of not asking for the tools and instruments with which to do the job. Running a senatorial office has become almost an industry. I do not know how the volume of the mail and the telephone calls of the Senator from Oklahoma run, but I am up to my ears in such communications all the time, and we must have the equipment with which to carry on the functions of our offices.

I think the members of the conference committee have done a good job. Provision has been made whereby payments for expenses will no longer be automatic. A Senator will receive reimbursement if he asks for it and is willing to sign his name to a voucher and certify that he has expended the amount in the operation of his office. We have written that provision into the bill. What more shall we do?

I hope the Senate will not reject the conference report. I think it would be an act of timidity on the part of the Senate. I would rather stand up for it than make that kind of confession.

Mr. WILLIAMS. Mr. President, I shall oppose the conference report. I should like to review briefly the history of the tax-exempt features. Several years ago Congress extended to the President of the United States an increase in his salary making it $150,000, with $100,000 of that salary taxable and $50,000 tax-exempt. At the same time $10,000 of the salary of the Vice President was made tax-exempt and nonaccountable, $2,500 of the salaries of Members of Congress was likewise put in the tax-exempt category. I opposed these tax-exempt features.

Later, I was the author of an amendment, which was overwhelmingly adopted by the Senate and the House, repealing all three of those tax-exempt features. Now if we accept this provision we will be in the position of having left repealed the tax exemption for the President and for the Vice President, but of partially restoring the tax-exempt features for ourselves, and ourselves alone.

This is not a question of whether or not a Senator has enough money to operate his office. I recognize that some of the Senators from the larger States are handicapped and will help correct that condition at the appropriate time.

This is simply a question of whether we shall or shall not give to Members of Congress a special tax exemption that is not extended to other taxpayers.

I have said many times on the floor that I would support the necessary authorization to reimburse Senators from larger States for their legitimate office expenses. We who come from smaller States are not confronted with that same problem. However, the proper way to provide for the necessary funds to operate the offices of Senators from the larger States is by making direct appropriations, as the Senator from Oklahoma pointed out. Let it be kept in the class of expenses alone and not by payments to the Members of Congress as salary.

I think the bill should be strictly a salary bill. I voted against it at the beginning, but that is beside the point, Mr. President. Congress passed the bill, but now the conference report is worse than the bill.

If the conference report is rejected, as I think it should be, I shall immediately make a motion that a new conference committee be appointed with instructions to insist upon the elimination from the conference report of the language in subsection (b) of section 4 amending section 601 of the Reorganization Act of 1946. The rest of the conference report would not be affected by the motion.

I think it is very important that we impress upon the American people the fact that Members of Congress are enjoying no more privileges in the payment of taxes than anyone else. It is very important for their morale that every public official be required to pay taxes in the same manner as every other citizen is required to. There is no justification for having special tax exemption provided for Members of Congress, and I hope the conference report is defeated and new instructions given to the conferees.

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

Mr. WILLIAMS. I yield.

Mr. ERVIN. I should like to ask the Senator from Delaware if a Senator does not actually expend any money for office expenses and does not file a voucher for reimbursement, how much tax exempt income will the Senator get under the $1,250 provision?

Mr. WILLIAMS. A Senator would not get any, but under the existing law a Senator is allowed up to $3,000 in expenses. Under the present law there is one expense account. Why should Members of Congress now have two expense accounts?

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

Mr. WILLIAMS. I yield.

Mr. ERVIN. The $3,000 the Senator talks about is nothing in the world but a limitation on Senators and Representatives.

The limitation does not apply to anybody else in the United States. A business man who incurs expenditures during the course of earning his income, including traveling expenses away from home, is entitled to deduct them as ordinary expenses in computing his income tax. The provision mentioned by the Senator from Delaware merely puts Members of Congress on the same plane as other citizens in the United States, except that it puts on Members of Congress a limitation of $3,000, to which other citizens are not subject.

Mr. WILLIAMS. The Senator is partially correct. There is a limitation spelled out for Members of Congress which is not spelled out for all other taxpayers. On the other hand, that provision for an exemption up to $3,000 is authority for the Internal Revenue Bureau to allow Members of Congress allowances up to $3,000, whereas all other taxpayers have no such ceiling. They can go up to X amount as agreed upon by the Treasury Department. Many times taxpayers are disallowed claims way below $3,000. It works both ways. The provision has advantages and disadvantages.

However, that still has nothing to do with the question now before us. The

question before us here today is, Shall we or shall we not give ourselves another $1,250 top exemption?

Mr. HOLLAND. Mr. President——

Mr. WILLIAMS. Does the Senator from Florida desire me to yield?

Mr. HOLLAND. I should like to have the floor.

Mr. WILLIAMS. I conclude by saying that I hope the conference report is defeated because it seeks to reestablish for Members of Congress a special privilege which we have taken away from the President and the Vice President. I think we should stand on our action as a matter of principle.

Mr. MONRONEY. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield.

Mr. MONRONEY. Is it not a fact that expenses beyond those which would be covered within the extra $1,250 will be paid out of the $22,500 which the Senate and the House have provided under the bill?

Mr. WILLIAMS. They will be paid either out of the $22,500 or out of other expense accounts which we are allowed. We are allowed expenses for telegraph, telephone, stationery, and so forth. Those items can be paid for either out of the various expense accounts, our salaries, or out of the $3,000 itemized expense account. This $1,250 account is merely a nontaxable addition to our salary.

Mr. MONRONEY. Let me also say that the $1,250 provided by this measure will not be subject to examination by the Bureau of Internal Revenue, for a determination in any way, shape, or form, as to whether it is taxable or nontaxable. It is declared nontaxable, as a necessary office expense, by the language of this proviso. So it is, in effect, a nontaxable amount which is being allowed in this measure.

Mr. WILLIAMS. That is my understanding.

Mr. MONRONEY. Let me further point out that the only right of supervision or the only right to audit or check or define what this particular category of general office expenses might be, would accrue either to the individual Senator or Representative, according to his conscience; or, perhaps, if we were to pass supplemental legislation, such expense items could finally be audited by the Senate Disbursing Office or the House Disbursing Office.

Mr. WILLIAMS. That is correct. Furthermore, the first time the Disbursing Officer made an adverse ruling which we did not like, we could put another disbursing officer in his place.

Mr. MONRONEY. In other words, if this allowance is to be made, it should be made subject to approval by the Bureau of Internal Revenue, just as in the case of any other item of this sort.

Mr. WILLIAMS. Yes.

As I have already said, the Members of Congress from the larger States have a bona fide claim for more office allowance, and I would support legislation to take care of their situation. For instance, the senior Senator from Pennsylvania [Mr. MARTIN], who represents the large State of Pennsylvania, which adjoins my State, is allowed approximately 30 or 40 percent more for office expenses than I am allowed; but in the one city of Philadelphia alone there are many times the total number of people in Delaware. However, the proposal before us here today does not correct this inequity.

Mr. WATKINS. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield.

Mr. WATKINS. How could such expenditures be taken care of under the proposed arrangement?

Mr. WILLIAMS. Only to the extent that a Member of Congress could charge against the $1,250 some of his office expenses which otherwise he would not be able to handle in some such manner. Technically, it might be said that none of the $1,250 would accrue to a Member of Congress; but that amount could be used to reduce his expenses, which otherwise he would have to pay out of his salary of $22,500.

Mr. WATKINS. Mr. President, will the Senator from Delaware yield further to me?

Mr. WILLIAMS. I yield.

Mr. WATKINS. So far as I personally am concerned, I can take care of the expenses of my office without having the proposed additional allowance, and probably I would never certify—except in the case of the development of a most unusual situation—that such unusual expenses had been required, so that I would request such a reimbursement.

But after hearing the stories told by various Senators and Representatives who are in a far different category, I reached the conclusion that this allowance is justified. Many Representatives and Senators today have to pay out of their own pockets a considerable portion of the expenses of their offices. It was largely because of that situation that this fund was allowed.

In the conference, after listening to the pleas and explanations of the conferees on the part of the House, we arrived at this report, and we can justify it. There can be no legitimate criticism of Members of Congress who have to spend, as legitimate expenses of their offices, this amount of money.

Mr. WILLIAMS. But I think the Senator from Utah will agree with me that this $1,250 allowance will not begin to take care of the differential which should be recognized as between the expenses of a Member of Congress from Pennsylvania, California, New York, or any other large State and the expenses of a Member of Congress representing one of the smaller States, such as those the Senator from Utah and I represent. The $1,250 will not answer that problem. Certainly it does not answer the problems of the Members of Congress who represent the larger States.

My personal opinion is that the conference report should be rejected, and we should keep our salaries on the basis of being 100 percent taxable so that all Members of Congress would be under the same provisions which apply to all other taxpayers, and the same as the ones which the Congress has imposed upon the President and the Vice President. Only a short time ago, Congress voted to end such an arrangement, insofar as it would apply to the President and Vice President of the United States. We deprived them of that tax exemption, and apparently we did so on the basis that such an arrangement was not justified. Certainly we cannot properly do otherwise for ourselves.

Mr. WATKINS. But we put a stop to allowing the President and Vice President to be in a position of not having to certify to such expenses, by way of vouchers. In our case there would have to be vouchers. I assume that no Member of Congress would attempt to juggle the figures in regard to his legitimate office expenses, in order to obtain an allowance to which he was not entitled.

Of course the conferees on the part of the House insisted that $2,500 is not sufficient to take care of the situation. In the report we agreed to a compromise of $1,250.

Under the circumstances, I think the conferees were justified in doing what they did.

Mr. WILLIAMS. I appreciate the problem with which the conference committee was confronted, but at the same time we in the Senate have to vote either to accept the report or to reject it. As I have previously said, I think it is well for the Members of Congress to keep their salaries 100 percent accountable and taxable.

Mr. HOLLAND. Mr. President, I agree completely with the statement which has just been made by the distinguished senior Senator from Delaware [Mr. WILLIAMS], to the effect that he does not believe the Senate should approve the conference report. I take the same position. I think the Senate should disapprove the report, and should do so on the sole ground the Senator from Delaware has mentioned.

I do not believe it would be a long or a difficult task for the conferees to bring in a new report, if they were given instructions to bring in a report eliminating this particular provision with respect to the expense account of $1,250.

I thoroughly agree with the statement made by the Senator from Delaware, to the effect that the Senate has been on much stronger ground since the law was changed several years ago, when we changed the earlier provisions of section 601 (b) of the statute, under which the whole amount of $2,500 a year was then not subject to any accounting, and not subject to the payment of income taxes, so that, in effect, we added the $2,500 to the $12,500 salary we received, and made the additional amount just as subject to income tax as was the $12,500.

If we begin to attach to this salary bill provisions which will raise in the public mind questions about the propriety of what we are doing for ourselves, I think we shall be making a very great mistake.

I call attention to the fact that, whether we want it to be so or not, we are in the very difficult position of having to legislate in our own behalf. In that respect, our situation is not an easy one; but the Congress is the only place, under our law, where the very acute problem of inadequate salaries for Members of Congress can be dealt with. However, when we are doing for our-

selves what we think is necessary and right and defensible, I do not want to have us include in this measure something which will point the finger of suspicion at every Member of Congress and will renew the wholly unsatisfactory position or situation which existed prior to the time when we made the amendment of some years ago.

Mr. President, I wish to say that I think the conferees have done many things which are good, in the conference report; and I wish to say that I think the provision regarding section 601 (b), which they suggest in the report, is an improvement over what was in the House version of the bill, because the House version was silent as to section 601 (b), and would have left that provision exactly as it was before.

But, Mr. President, even though the conferees have made progress in this particular, as well as in other matters, I think that in this one matter the conference report is so far inadequate and so far from doing what we wish to do in this matter, that the report should be rejected, and that the conferees should be directed to hold a further conference.

In order that the RECORD may clearly show that the conferees have accomplished something—and then I shall return to the argument in criticism of the one thing which I believe the conferees have not done properly—I wish the RECORD to show at this point the earlier provisions which have been written into law in regard to this particular matter of expense accounting.

First, Mr. President, I ask unanimous consent to have printed at this point in the RECORD as a part of my remarks, section 601 (b) of the original Legislative Reorganization Act; and in that connection I point out that the critical words in it, relative to the $2,500 allowance, which was made by that original provision, are these: for which no tax liability shall incur, or accounting be made."

The PRESIDING OFFICER. Is there objection?

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

SEC. 601.

* * * * *

(b) Effective on the day on which the 80th Congress convenes there shall be paid to each Senator, Representative in Congress, Delegate from the Territories, Resident Commissioner from Puerto Rico, an expense allowance of $2,500 per annum to assist in defraying expenses relating to, or resulting from the discharge of his official duties (for which no tax liability shall incur, or accounting be made), such sum to be paid in equal monthly installments.

In other words, that was a tax-free allowance which got every Member of Congress in trouble, so long as it was on the books, in trying to explain why it was there, and why, in legislating for ourselves, we had placed a provision in the law which differentiated between Members of Congress and other citizens of the United States.

Mr. MONRONEY. Mr. President, will the Senator yield for clarification?

Mr. HOLLAND. I yield.

Mr. MONRONEY. The Reorganization Act provided for a straight $15,000 salary, with no tax deductibility other than the normally deductible items as shown by an itemization. The Senate passed the bill with a figure of $15,000. It went to the House. The bill contained the figure of $15,000. However, a floor amendment was inserted, over the objection of those of us who helped to pass the Reorganization Act, and for many years embarrassment resulted to Members of Congress. That provision was not in the original Reorganization Act.

Mr. HOLLAND. I fully understand that the bill reported by the joint committee was not in the form which I have placed in the RECORD. However, when I refer to the original Reorganization Act, I refer to the act as passed, as it became law, and as it was published. I hold in my hand one of the original publications of the Reorganization Act of 1946, from which I have quoted for the RECORD.

By subsequent amendments, section 601 (b) was amended to read as set forth in a compilation printed in 1953, which I hold in my hand. I ask unanimous consent that there be printed in the RECORD at this point as a part of my remarks the changed or amended provision 601 (b), as passed by the Congress, and as it become effective at that time.

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

(b) Effective on the day on which the 80th Congress convenes there shall be paid to each Senator, Representative in Congress, Delegate from the Territories, Resident Commissioner from Puerto Rico, an expense allowance of $2,500 per annum to assist in defraying expenses relating to, or resulting from the discharge of his official duties, for which no accounting, other than for income-tax purposes shall be made; such sum to be paid in equal monthly installments.

Mr. HOLLAND. The critical words which appear in that particular subsection, differentiating it from the one which was in the original measure as passed, are these: "For which no accounting, other than for income tax purposes, shall be made."

In other words, it was made very clear by the amendment that the $2,500 was subject to income tax, and was just as subject to income tax as was the $12,500, which, to all intents and purposes, meant that from that time forth the salary was $15,000, subject to all the provisions of the income tax law.

The House bill on this subject was silent as to section 601 (b), as it came over from the House, simply providing that only a part of section 601 (a) should be amended, leaving even the rest of section 601 (a) unchanged, and leaving in the law all of section 601 (b) as amended, as I have already placed it in the RECORD.

In order that the RECORD may show just what the provision of the House bill was, I ask that there be printed in the RECORD at this point as a part of my remarks section 4 (a) of House bill 3828, appearing in lines 10 to 17, inclusive, on page 4 of the House print of the bill.

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

SEC. 4. (a) The matter preceding the semicolon in section 601 (a) of the Legislative Reorganization Act of 1946, as amended, is amended to read as follows:

"(a) The compensation of Senators, Representatives in Congress, Delegates from the Territories, and the Resident Commissioner from Puerto Rico is $22,500 per annum each; and the compensation of the Speaker of the House of Representatives shall be at the rate of $35,000 per annum."

Mr. HOLLAND. The effect of the House bill, therefore, was to leave unchanged and unaffected the amended provisions of subsection 601 (b), as Congress had changed them some years ago.

As the matter comes back to us by conference report, the conference bill does include a provision with respect to section 601 (b), which had been completely stricken from the bill by the Senate. The provision in the conference bill which we are now discussing is found at the bottom of page 2 and the top of page 3 of the conference report. I ask unanimous consent that there be printed in the RECORD at this point as a part of my remarks that part of section 4 of the conference bill which relates to the amendment of section 601 (b).

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

(b) For the purpose of assisting in defraying expenses incurred in the operation of their respective offices, each Senator, Representative in Congress, Delegate from the Territories, and the Resident Commissioner from Puerto Rico shall be entitled to reimbursement for such expenses for each fiscal year at the rate of $1,250 per annum, which shall accrue quarterly and be paid in quarterly installments upon itemized vouchers certified by such Senator, Representative, Delegate, or Resident Commissioner. Amounts paid under this subsection subsequent to March 1, 1955, shall not be deemed to be salary, pay, or compensation for the purposes of the Civil Service Retirement Act of May 29, 1930, as amended.

Mr. HOLLAND. It is quite clear that in the administration of the act that provision is left pretty much to the discretion of each individual Senator.

Like the Senator from Illinois [Mr. DIRKSEN], who has already ably spoken on this question, I certainly do not expect to impugn the motives of any Senator. However, I invite attention to the fact that the arguments of the Senator from Illinois [Mr. DIRKSEN], and the Senator from Tennessee [Mr. KEFAUVER], operate as red flags, advising citizens that in the administration of the act things may be done which may be subject to question, and abuses may occur.

For example, in his argument on two or three occasions the distinguished Senator from Illinois said that he did not propose to check the vouchers which were submitted by other Senators, and that if they wanted to be flexible in their approach—and that was the word he used—that was their business and not his.

The point I am making is that that gives notice to the whole country not only that there is the possibility of misconduct under this particular provision, but that in the debate on the conference report the situation was called to the attention of the Senate by one of its ablest Senators, then advocating the approval of the conference report. He stated that just such nonuniformity,

just such flexibility, might exist in the administration of the act.

If we should approve the conference report after that kind of argument, I say that we would do so knowing that it had been represented to us that this particular amendment would not be uniform in its operation, and would be subject to mishandling and to suspicion of abuse.

The point I am making is that under this provision of the conference bill every Senator and every Representative would place himself in the position in which they were before we adopted the amendments of several years ago, under which there is suspicion that we are not treating ourselves uniformly, and not treating ourselves in the way we treat all other taxpayers of the country.

I do not think we want to be in that position. I think we want to lean backward to see that the bill, which affects us so vitally, is not subject to any such interpretation, is not subject to a situation in which we may all be suspected of not having done exactly the right thing in connection with this little item of $1,250 a year for each of us.

If this situation is to be corrected, it can be corrected best by returning the bill to conference. So far as I am concerned, if the conferees wish to place in the law an additional amount by way of salary, that is one thing. Let the question be discussed on its merits. But if they leave in the bill a provision which one distingushed Senator says is subject to flexibility in the method of approach by his brethren, and which another Senator says might be used to defray the cost of stamps on Christmas cards, and things of that kind, I do not propose to vote for a conference report which is so represented by the friends of the measure on the floor of the Senate.

While I am first to recognize that the conferees have done many worth while things, I feel that the Senate, in the preservation of its own good name, and in order to prevent Senators and Representatives from being subjected to suspicion, as we were once before, should return this measure to conference with instructions to eliminate this particular provision.

One further point and I shall conclude. If this provision were allowed to stand, it would not be at all uniform in its treatment of Senators. It differs from other parts of this measure which give uniform treatment—for example, on the question of additional travel pay for a Senator who lives in California, as compared with one who lives in Maryland. Additional travel pay will be authorized on a just basis so that one Senator would be permitted to return to his home State as many times as any other Senator would be, regardless of the distances involved.

But in this amendment it is proposed to fix an arbitrary limit of $1,250. The item of expense we hear most frequently cited is that of telephone calls. It is proposed, therefore, to provide that $1,250 of such expense may be repaid. I see sitting together the distinguished senior Senator from California [Mr. KNOWLAND] and the distinguished junior Senator from Arizona [Mr. GOLDWATER]. I invite their attention to the fact that $1,250 would not cover nearly so many telephone messages and not nearly so much time on the telephone in their cases as it would in the case of the Senator from Virginia, or the Senator from Florida, or the Senator from Delaware, or any other Senators who do not come from such great distances. In that regard the provision does not give fair treatment as between States and as between Senators and as between Representatives.

Furthermore, it differs in that regard from other provisions of law which govern us. As every Senator knows, he is entitled to use the telephone in exact equality with other Senators on a per-minute basis or on a per-number-of minimum-conversations basis. Everyone knows that it costs more to talk on the telephone to someone in California than it does to talk to someone in Florida. On the other hand, if every Senator, regardless of which State he represents, is entitled to use that method of immediate communication with constituents for the same number of minutes or for the same number of calls, that is equal treatment.

Under the present amendment nothing like equal treatment is even suggested. To the contrary, the provision is just as unequal and discriminatory as it is possible to be with reference to Senators who have the honor of representing distant States, and with respect to House Members who happen to have the honor to represent districts, which are far removed from the Capital of the United States.

I do not believe this measure should stand, and I hope the Senate will reject it, not with any feeling of hostile criticism—because there are included in the conference report many good provisions, which I hope will be retained—but with instructions, as suggested by the Senator from Delaware [Mr. WILLIAMS] to eliminate section 601 (b), which the Senate did eliminate in its version of the bill. I hope the conference report will be rejected.

Mr. BARKLEY. Mr. President, I regret that my first utterance in the Senate since my return to it should revolve around a salary bill for Members of Congress. I recall the Congressional Reorganization Act passed in 1946, and the increase it provided in the compensation of Members, together with a $2,500 expense allowance, which was made nontaxable.

That provision was included in the bill because it sought to put Members of Congress on a basis of some equality with businessmen and professional men, who are allowed to deduct their actual expenses from taxable income.

We all know what happened. Criticism was uttered against it, on the ground that Members of Congress were being treated in a different manner from other citizens, which was not the truth. Finally I believe the Senator from Delaware [Mr. WILLIAMS] offered the amendment, which Congress adopted, eliminating the nontaxability of the $2,500.

That provision is included in the present bill, but only to the extent of one-half of the amount, namely, $1,250. If the $2,500 exemption from taxation in the former bill was objectionable, certainly on the same principle the $1,250 exemption is objectionable, and should not be included in the bill. If it is included, it will be subject constantly not only to criticism, but inspection. Although a Senator will not be required to swear to his expenses, he will be compelled to itemize them. I object to it myself. If the Senate and the House wish to fix the salary at $24,000 a year, they ought to fix it at that amount, without any contingencies, and without any additions, under some false pretense that it is not salary but an expense.

I would rather vote for a straight $24,000 salary, with all of it being salary, to be expended by the Member as necessities might require, than to vote for $22,500, and for $1,250 additional under the guise that it is for expenses which must be itemized by the Senator or the Member of the House before it may be paid to him.

There is another provision to which I object. Probably I should have objected to it when the bill was before the Senate. I refer to the provision which proposes to compensate Members for 5 round trips from Washington to their respective homes. Such trips are also to be itemized and certified to the disbursing officer of the Senate before payment may be made for them.

I realize that a great many persons throughout the country believe that every Senator and every Representative gets all of his expenses paid every time he goes home. Of course, it is not the truth. A Representative or a Senator is allowed 1 round trip at the rate of 20 cents a mile from his home to Washington and when he returns home again during a session of Congress. He is compensated for the expense of 1 round trip.

I object to the feature of the bill making allowance for 5 round trips. As I have said, probably I should have raised my voice against it when the bill was before the Senate a few days ago, but I did not do so.

All of us have observed the multiplicity of duties imposed upon us in our offices and in connection with the departments of Government and the States which we represent. As a consequence, we find it necessary from time to time to absent ourselves from the Chamber. All of us have observed that absenteeism in the Senate has been developing and growing over a period of years. During my 2 years' retirement, out of circulation here, I have seen no improvement in the attendance on the floor of the Senate. It is deplored by everyone. Nobody does anything about it. Nobody can do anything about it. It is a matter of individual and personal conduct whether a Senator will work in his office or on the floor of the Senate or in a committee, or be downtown in one of the departments at the request of a constituent.

We all know that we are busy at something in the performance of our official duties. Yet, without any reflection on anyone, I have the fear that giving us five more trips from the seat of Government to our respective homes will offer the temptation to return to our homes on occasions when we might avoid

it, or when it might not be necessary. It might well constitute a temptation for more absenteeism in the Senate, which I believe would be deplorabe.

I have wondered for years how our friends and constituents feel when they come to the Senate and look down from the galleries and see a half dozen Senators on the floor, transacting the business of the Senate under the assumption that a quorum is present unless a Senator makes the point that a quorum is not present. When our constituents look down on a practically empty Chamber and go away with no explanation of the reason for the small attendance on the floor, I wonder what their impression of this great body may be. I have often been chagrined and sometimes humiliated because of the meager attendance on the floor of the Senate when important business was under consideration.

Therefore, I am not willing to vote for the conference report. I object to that provision in the bill. Perhaps it cannot be eliminated. I believe it was in the bill when it passed the Senate, although probably not in the House bill. I do not now recall. It will still be in conference if we send the bill back to the conference committee.

But I even more object to the $1,250 provision which I fear will bring about such a condition as that which we remedied a few years ago. We may again be called upon to apply a remedy if we insert the provision in the bill at this time.

Therefore, Mr. President, I shall vote to reject the conference report in the hope that the conferees may eliminate the $1,250 provision and the provision for 5 additional round trips in the course of a year.

I regret to take this position, Mr. President, because I realize the need for some increase in the compensation of Members of the Congress, but it seems to me that we should provide for the increase by a fixed sum and omit these petty and extraneous things under the guise of which it may be said we are trying to increase our compensation.

For those reasons, Mr. President, I shall vote to reject the conference report.

Mr. ERVIN. Mr. President, I should like to make a number of observations simply because some of the things which have been said on the floor would indicate that the conference committee has recommended to the Senate and the House the adoption of a tax-free item of $1,250.

There is in the conference report no provision for a tax-exempt item of any kind. The $1,250 is like the item which is now in the Legislative Act which provides an allowance of not to exceed $600 a year for the expenses of a Senator's home office. Under that provision I spent $76.06 during the past 6 months to maintain my home office, out of my own pocket, and was reimbursed to that extent. But I did not get a penny of tax-exempt income.

I think the conference committee has done a good job in dealing with this subject and ironing out differences between the Senate and the House. I am, nevertheless, going to vote to reject the conference report because of the $1,250 item, on the theory that Congress, like Caesar's wife, should avoid anything which might create any suspicion.

The distinguished senior Senator from Florida [Mr. HOLLAND] pointed out a while ago that the public could not understand this $1,250 provision. In view of the fact that some Members of the Senate do not understand it, I can readily believe that the public cannot understand it. For that reason, and believing that we should not pass a bill which would give rise to any suspicion that the Members of Congress are getting any advantage over other taxpayers, I shall vote to reject the conference report.

While I was a private citizen at the time of the passage of the bills which gave the President of the United States, the Vice President, the Speaker of the House, and the Members of the Congress some special tax exemptions above those of other citizens of the country as a whole, I was very much opposed to such bills and I never expect to vote for a measure which in any form would give a Member of the Senate or of the House any special exemption from Federal income taxes. I think that every Senator and every Representative should pay taxes on the same basis as do the other people of the country.

I do not construe this conference report as containing any provision for a tax exemption allowance of any kind for Senators and Representatives; but I shall vote against the conference report because I agree fully with the statement of the Senator from Florida that some of the people of the country will not understand it.

Mr. WATKINS. Mr. President, will the Senator from North Carolina yield?

Mr. ERVIN. I yield.

Mr. WATKINS. Mr. President, I supported the Senator from Delaware in the amendment which he offered and which was agreed to a number of years ago. I was a co-sponsor of that amendment. But I hope the Senator realizes the position of the conferees on the part of the Senate. We presented the arguments just made by the Senator; we made a strong plea, and we thought we were justified in accepting the conference report. I hope the Senator will realize the position in which the conferees found themselves. We tried to present the case.

Mr. ERVIN. I fully appreciate the position of the conferees. A compromise is not a one-way street. I realize that some concessions must be made to the Members of the House.

I wish to point out that if there is any allegation that the conference report is any sort of a tax-free proposition, that is unsound. But since some Members of the Senate do not understand it, I am sure that the people of the country will not understand it, and I shall vote to reject the report.

Mr. WATKINS. I take it that the Senator believes that our position must not only be right, but it must seem right.

Mr. ERVIN. That is correct.

Mr. KNOWLAND. Mr. President, I fully recognize the problem faced by the conferees, and I think, that in a great many respects, the bill as now presented to us is in better shape than it was; but as a matter of public policy I certainly question very much the addition of section (b). Therefore, I hope the Senate will reject the conference report. When that is done, as I trust it will be done, I hope the Senate will approve the instructions to be offered by the Senator from Delaware to the conferees to insist upon the elimination of section (b).

SEVERAL SENATORS. Vote! Vote!

Mr. KEFAUVER. Mr. President, I have no desire to discuss the matter further at any great length; but I should like to make it amply clear that the Senate conferees were confronted with such a situation that, if an agreement was to be reached, they had to make some compromise with the Members of the House.

With reference to the expense item a compromise was offered by one of the House conferees to which we agreed, with the understanding that it be related solely to necessary expenses in the conduct of a Member's office, that the expenses be itemized, and that the itemization be submitted and be paid by way of reimbursement only after he certifies the expenses as being necessary in the operations of his office.

In my view, this is pinned down to the office of the Senator or the Representative. It does not include the taking of constituents to lunch. I do not consider as legitimate office expenses some of the items which have been spoken of, such as Christmas cards, and what not. On the basis of a Member's necessary expense in running his office, I do not think he will certify anything which is not a necessary expense.

I desire all Members of the Senate to understand that there was no effort on the part of any conferee of the Senate or of the House to include any provision in the nature of an item of compensation on a tax-exempt basis. That is not the purpose of this provision. The purpose of the provision is to reimburse for actual outlays which a Member has necessarily made.

It appeared that the only way in which the bill could be reported from conference was to make some adjustment. The House had acceded to our position on three very important items in the bill. They refused to agree fully with us on our provision in connection with this section. We did our best to sustain the action of the Senate, but we felt we were under an obligation to try, at least, to bring some bill out of conference.

There was a discussion in the committee of conference about the fact that Members of the Senate, and I believe Members of the House also, are entitled to an allowance of $600 for office rent in their respective States. I do not believe any Member has ever charged $600 unless he paid it for office rent. For my own part, I am fortunate to have an office in the Federal Building. I have never received any of the $600 which has been authorized for Senators and Representatives to maintain offices in their respective States.

Neither do I know of any Member who has purposely stayed out of a Federal building, if he could have obtained space

in one and has rented an office on the outside.

It seems to me that this is somewhat the same kind of situation. I realize that public policy is involved. We thought we had the language pinned down so that it would be amply clear that it was not salary, not a gimmick, not a method of trying to get compensation, and then of covering it up. It was simply a straightforward provision for reimbursement of necessary expenditures for one's office.

The Senator from Delaware [Mr. WILLIAMS] said that a Senator might charge something which might be in the nature of a fringe benefit, and then charge other items off on his income tax. The interpretation of the Internal Revenue Service is that what a Senator can charge off in the way of extra expenses is identical to the language in the bill, namely, necessary office expenses directly arising from the running of his office. So I cannot see any validity in the point raised by the Senator from Delaware.

The matter is now before the Senate. I hope we can vote it up or down at an early time.

SEVERAL SENATORS. Vote! Vote! Vote!

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

The report was rejected.

Mr. WILLIAMS. Mr. President, a parliamentary inquiry.

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

Mr. WILLIAMS. Am I correct in my understanding that before a motion is made to instruct the conferees, a motion should first be made to authorize the Chair to appoint the conferees on the part of the Senate?

The PRESIDING OFFICER. Yes, and to ask for a second conference.

Mr. WILLIAMS. I move that the Senate ask for a second conference and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to.

Mr. WILLIAMS. I now move that the conferees on the part of the Senate be instructed to insist upon the elimination from the conference report of the language contained in subsection (b) of section 4, amending section 601 (b) of the Legislative Reorganization Act of 1946, as amended.

Mr. KNOWLAND. I ask for the yeas and nays on the motion of the Senator from Delaware.

Mr. CLEMENTS. I join in the request of the Senator from California.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

The question is on agreeing to the motion of the Senator from Delaware [Mr. WILLIAMS]. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from Tennessee [Mr. GORE], the Senator from Minnesota [Mr. HUMPHREY], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from West Virginia [Mr. NEELY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

The Senator from Rhode Island [Mr. GREEN] is absent by leave of the Senate to attend the inauguration of the President of Cuba.

The Senator from Texas [Mr. JOHNSON] and the Senator from Massachusetts [Mr. KENNEDY] are absent by leave of the Senate because of illness.

The Senator from Washington [Mr. MAGNUSON] is absent by leave of the Senate to attend his 25th anniversary celebration in the State of Washington.

I further announce that on this vote the Senator from Tennessee [Mr. GORE], the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Texas [Mr. JOHNSON], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from West Virginia [Mr. NEELY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Virginia [Mr. ROBERTSON], if present and voting, would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senators from Ohio [Mr. BENDER and Mr. BRICKER], the Senator from Nebraska [Mr. HRUSKA], the Senator from North Dakota [Mr. LANGER], the Senator from Nevada [Mr. MALONE], and the Senator from Iowa [Mr. MARTIN] are absent on official business.

I also announce that the Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate to attend the inaugural ceremonies of the President of Cuba.

The Senator from Maine [Mrs. SMITH] is absent by leave of the Senate.

The Senator from Wisconsin [Mr. WILEY] is necessarily absent.

The Senator from Indiana [Mr. CAPEHART], the Senator from Pennsylvania [Mr. DUFF], the Senator from Kansas [Mr. SCHOEPPEL], and the Senator from Minnesota [Mr. THYE] are detained on official business.

If present and voting, the Senator from Nebraska [Mr. HRUSKA], the Senator from Kansas [Mr. SCHOEPPEL], and the Senator from Maine [Mrs. SMITH] would each vote "yea."

The result was announced—yeas 62, nays 7, as follows:

YEAS—62

Aiken	Ervin	Mundt
Anderson	Flanders	Murray
Barkley	Frear	Neuberger
Barrett	Fulbright	Pastore
Beall	George	Payne
Bennett	Goldwater	Potter
Bible	Hayden	Purtell
Bush	Hennings	Russell
Butler	Hill	Saltonstall
Byrd	Holland	Scott
Carlson	Jackson	Smathers
Case, N. J.	Jenner	Smith, N. J.
Case, S. Dak.	Knowland	Sparkman
Chavez	Kuchel	Stennis
Clements	Long	Symington
Cotton	Mansfield	Thurmond
Curtis	Martin, Pa.	Watkins
Daniel	McCarthy	Welker
Douglas	McClellan	Williams
Dworshak	Millikin	Young
Ellender	Monroney	

NAYS—7

Bridges	Ives	Lehman
Dirksen	Kefauver	
Eastland	Kilgore	

NOT VOTING—27

Allott	Humphrey	McNamara
Bender	Johnson, Tex.	Morse
Bricker	Johnston, S. C.	Neely
Capehart	Kennedy	O'Mahoney
Duff	Kerr	Robertson
Gore	Langer	Schoeppel
Green	Magnuson	Smith, Maine
Hickenlooper	Malone	Thye
Hruska	Martin, Iowa	Wiley

So Mr. WILLIAMS' motion was agreed to.

The PRESIDING OFFICER. The Chair appoints as conferees on the part of the Senate the Senator from Tennessee [Mr. KEFAUVER], the Senator from West Virginia [Mr. KILGORE], the Senator from Mississippi [Mr. EASTLAND], the Senator from Utah [Mr. WATKINS], and the Senator from Illinois [Mr. DIRKSEN].

ORDER FOR DISPENSING WITH CALL OF THE CALENDAR ON MONDAY

Mr. CLEMENTS. Mr. President, I ask unanimous consent that on Monday, the call of the calendar be dispensed with.

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

ADJOURNMENT TO MONDAY

Mr. CLEMENTS. Mr. President, I am about to move an adjournment to Monday. Before doing so I wish to inform the Senate that the only possible business which I am aware at this time will come before the Senate on Monday will be the second conference report on H. R. 3828, which I hope may be brought back by that time.

I now move that the Senate stand adjourned until noon, on Monday next.

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

The motion was agreed to; and (at 4 o'clock and 13 minutes p. m.) the Senate adjourned until Monday, February 28, 1955, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 25, 1955:

DEPARTMENT OF DEFENSE

Robert Tripp Ross, of New York, to be an Assistant Secretary of Defense.

IN THE ARMY

The following-named persons for reappointment to the active list of the Regular Army of the United States, in the grades specified, from the temporary disability retired list, under the provisions of titlet IV, Career Compensation Act of 1949 (Public Law 351, 81st Congress):

To be colonel

Perry, Russell V., O15383.

To be captains

Ancker, Jack P., O37217.
Bush, Hugh W., Jr., O60626.

The following-named persons for appointment in the Regular Army of the United States, in the grades and corps specified, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), title II of the act of August 5, 1947 (Public Law 365, 80th Cong.), Public Law 759, 80th Congress, and Public Law 36, 80th Congress, as amended by Public Law 37, 83d Congress:

To be captains

Connolly, John R., MC, O2103459.
Cowgill, Herbert F., MC.
Kilpatrick, William C., Jr., MC, O1717778.
Mincks, James R., MC, O2097881.

To be first lieutenants

Blough, Leland S., MC, O4003873.
Gardenier, Edward D., DC, O2267251.
Horton, Virginia A., ANC, N780235.
Hunsuck, Ervin E., DC, O2270447.
Johnson, Elizabeth F., ANC, N798022.
Louro, Jose M., MC, O2041851.
Mitchell, Bradford W., JAGC, O2237214.
Parker, James W., MSC, O717952.
Pogrebniak, Alexander, MC, O2268932.
Young, William H., Jr., MSC, O2263182.

To be second lieutenant

Randolph, George B., Jr., MSC, O1920422.

The following-named persons for appointment in the Medical Corps, Regular Army of the United States, in the grade of first lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), subject to completion of internship:

Abrams, Fredrick R., O2273772.
Barrett, O'Neill, Jr., O971387.
Bergin, James J., O2273743.
Boehrer, Philip M., O4030393.
Canby, John P., O4024337.
Carey, Philip O., O2268941.
Herman, Robert H., O2268938
Price, Frank W., O4002903.
Price, Ira B., O4002576.
Grass, Adrian L., O2273750.

The following-named persons for appointment in the Regular Army of the United States, in the grades specified, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

To be first lieutenants

Broady, William, O2028412.
Sherberg, Auden L., O1924859.

To be second lieutenants

Berry, Fred C., Jr.
Craver, Roger H., O4021064.
Early, Charles D., Jr.
Foley, William R., O4006426.
Simcox, George N., O4026470.
Treadway, Thomas J.

The following-named distinguished military student for appointment in the Medical Service Corps, Regular Army of the United States, in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

Lawson, Lowell F.

The following-named distinguished military students for appointment in the Regular Army of the United States, in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

Kaczenski, John A.
Krengel, Thomas F.
Lokie, Andrew P., O4032758.
McFather, Bennie S., O4033500.
Murphy, Charles K., O4029919.
Pede, August R.
Perry, Archie, O4025001.
Price, Raymond S., O4024963.
Saxon, George E.
Street, Clover B.
Soupene, James C., Jr., O4029449.
Vandeventer, William R.
Weiskirch, Thomas N., Jr., O1940922.
Williams, Thomas W., O4029469.

IN THE COAST GUARD

The following persons to be chief warrant officers, W-3, in the United States Coast Guard:

Charles E. Haley
Zoltan Papp
Claude M. Hutchins

The following persons to be chief warrant officers, W-2, in the United States Coast Guard:

Edward R. Harris
Francis A. Massey
Parker R. Johnson
Philip H. Fry
Thadeus Penry
Albert J. Bates
Michael Kabaczy
John H. Brown
Manuel L. Bent
Walter P. Stipcich
Clarence B. Anderson
Robert H. Burn
Leroy H. Harmon
Joseph J. Dobrow, Jr.
Alfred M. Livingston
John P. Ryan
Roland R. Davis
Oliver F. Rossin
James W. Lockhart
Russell M. Young
Kenneth E. Payson
Cyril D. Kring
Gene D. Vecchione
Harry V. Hardy
Andrew Kirkpatrick
Oliver T. Henry, Jr.
William Keokosky
Louis S. Schweitzer
John R. Howarth
Howell O. Wall
Elmer J. Nolan
Frank Jakelsky
Anthony F. Glaza, Jr.
Meredith D. Hazzard
Frank J. Recely
Elmer C. Knudson
Walter V. Corteg
Gordon B. Sworthout
William F. Winslow
John Senik
Joseph L. St. Pierre
Robert S. Phillips
"A" "Z" Shows
Carroll Tingle
Luke B. Midgett
Paul A. Woodard
Moses McNure
Woodrow F. Clookie
Malcolm Versaw
William R. Gaither
Fletcher R. Peele
Leon A. Anderson
George B. Schack
Albert DeCosta
Leonest L. Tillett
Gilbert Coughlan
Henry A. Cook
John Chartuck
William E. White, Jr.
Edward E. Lewis
Louis M. Piermattei
Andrew Hauswirth
Ellis M. Moore
Harvey J. Hardy
Frank D. Coffey
James A. Somers
Roy L. Singleton
Alexander M. Grant
Kenneth G. Fields.
Gustave A. Kuhnert
John W. Short
Earlie W. Shelton
Ernest R. Stacy
Roy Huffstetler
John Ventre
Nevette A. Gardebled
Neal Griffin
Charles R. Ellington, Jr.
Charles E. Christman
Leonard W. Arnold
Henry L. Cotton
Kenneth E. Diem
Raymond L. Barnett
Bernard A. Koebbe
Irving T. Bloxom
Suell R. Grimm
James W. Freeman
Homer E. McCullough
Foister E. Blair
Norris D. Hickman
Charles U. Stastka
Thomas J. Bennett
Norman R. Hundwin
Andrew J. Donaldson
Walter R. Terry
John T. Mears, Jr.
Victor J. Shurkus
Harold D. Gallery
Robert N. Piland, Jr.
Clemens F. Knox
John J. Pinton
Harry L. Partridge
Thomas A. Smith
Martin J. Connolly
John E. Giles
Lloyd L. Franklin
Ralph L. Tarr
Henry O. Aeschliman
William S. Gray, Jr.
George A. J. Michaud
Allen S. Marsdale
John Szakara
Earl W. Skinner
Hobart E. Sadler
Robert S. Gaddy
Van H. White, Jr.
William D. Oliver

CONFIRMATIONS

Executive nominations confirmed by the Senate February 25, 1955:

NATIONAL SECURITY TRAINING COMMISSION

Albert J. Hayes, of Maryland, to be a member of the National Security Training Commission, for the remainder of the term expiring June 19, 1958.

DEPARTMENT OF COMMERCE

Louis S. Rothschild, of Missouri, to be Under Secretary of Commerce for Transportation.

TAX COURT OF THE UNITED STATES

Allin H. Pierce, of Illinois, to be judge of the Tax Court of the United States for the unexpired term of 12 years from June 2, 1948.

CIVIL AERONAUTICS BOARD

Ross Rizley, of Oklahoma, to be a member of the Civil Aeronautics Board, for the term expiring December 31, 1960.

RENEGOTIATION BOARD

Thomas Coggeshall, of Connecticut, to be a member of the Renegotiation Board.

PUBLIC HEALTH SERVICE

The following candidates for appointment in the Regular Corps, subject to qualifications therefor as provided by law and regulations, to be effective date of acceptance:

To be assistant surgeons

John W. Glotfelty
John D. Tovey
John F. Ice
Inez L. Ice

To be assistant dental surgeon

George J. Yocum

HOUSE OF REPRESENTATIVES

FRIDAY, FEBRUARY 25, 1955

The House met at 12 o'clock noon.

Rev. R. Paul Schearrer, minister, Takoma Park Presbyterian Church, Washington, D. C., offered the following prayer:

Eternal God, the Father of us all and the only sure hope of all mankind, we bow before Thee in humility and reverence. We would voice our common gratitude for the freedoms and blessings of life which we enjoy. Deliver us from pride of position and possessions. May we never forget the obligation that rests upon the strong.

On this World Day of Prayer, when millions upon millions of Thy children of every continent and color are praying for peace on earth, we would add our sincere supplications that this world may be spared from the horrors of another war. Free us from the bondage of suspicion and hate. Increase our faith in Thy power to save us from self-destruction. Give us the vision of a better day of brotherhood and the united will to work for its coming. In the name of the Prince of Peace. Amen.

The Journal of the proceedings of yesterday was read and approved.

INCREASE IN SALARIES OF JUSTICES AND JUDGES OF UNITED STATES COURTS AND MEMBERS OF CONGRESS

The SPEAKER. The Chair recognizes the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, I call up the conference report on the bill (H. R. 3828) to adjust the salaries of judges of United States courts, United States attorneys, Members of Congress, 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 New York?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 79)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3828) to adjust the salaries of judges of United States courts, United States attorneys, Members of Congress, 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 House recede from its disagreement to the amendment of the Senate 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 Senate amendment insert the following:

"That (a) section 5 of title 28, United States Code, relating to the Chief Justice of the United States and to the Associate Justices of the Supreme Court of the United States, is amended by striking out '$25,500' and substituting therefor '$35,500', and by striking out '$25,000' and substituting therefor '$35,000'.

"(b) Section 44 (d) of title 28, United States Code, relating to circuit judges, is amended by striking out '$17,500' and substituting therefor '$25,500'.

"(c) Section 135 of title 28, United States Code, relating to district judges, is amended by striking out '$15,000' and substituting therefor '$22,500', and by striking out '$15,500' and substituting therefor '$23,000'.

"(d) Section 173 of title 28, United States Code, relating to judges of the Court of Claims, is amended by striking out '$17,500' and substituting therefor '$25,500'.

"(e) Section 213 of title 28, United States Code, relating to judges of the Court of Customs and Patent Appeals, is amended by striking out '$17,500' and substituting therefor '$25,500'.

"(f) Section 252 of title 28, United States Code, relating to judges of the Customs Court, is amended by striking out '$15,000' and substituting therefor '$22,500'.

"(g) The first paragraph of section 4 of the Act approved June 6, 1900 (31 Stat. 322; 48 U. S. C., sec. 101), as amended, relating to the District Court for the District of Alaska, is amended by striking out '$15,000' and substituting therefor '$22,500'.

"(h) Section 7443 (c) of the Internal Revenue Code of 1954, relating to judges of the Tax Court of the United States, is amended to read as follows:

"'(c) Salary: Each judge shall receive salary at the rate of $22,500 per annum, to be paid in monthly installments.'

"(i) (1) Article 67 of the Uniform Code of Military Justice, relating to judges of the Court of Military Appeals, is amended by striking out '$17,500' and substituting therefor '$25,500'.

"(2) Such article is further amended by adding at the end of subdivision (a) (1) thereof the following: 'Each judge shall, upon his certificate, be paid by the Secretary of Defense all necessary traveling expenses, and also his reasonable maintenance expenses actually incurred, not exceeding $15 per day, while attending court or transacting official business at a place other than his official station. The official station of such judges for such purpose shall be the District of Columbia.'

"SEC. 2. (a) Section 508 of title 28, United States Code, is amended to read as follows:

"'§ 508. Salaries

"'The Attorney General shall fix the annual salaries of United States attorneys, assistant United States attorneys, and attorneys appointed under section 503 of this title within the following limitations:

"'United States attorneys—not less than $12,000 or more than $20,000; and

"'Assistant United States attorneys and attorneys appointed under section 503 of this title—not more than $15,000.'

"(b) The salaries of United States attorneys and assistant United States attorneys for the districts of Alaska, Canal Zone, and the Virgin Islands are subject to the provisions of section 508 of title 28, United States Code.

"SEC. 3. (a) The compensation of the Deputy Attorney General shall be at the rate of $21,000 per annum.

"(b) The compensation of the Solicitor General shall be at the rate of $20,500 per annum.

"(c) The compensation of each Assistant Attorney General, other than the Administrative Assistant Attorney General, shall be at the rate of $20,000 per annum.

"SEC. 4. (a) Section 601 (a) of the Legislative Reorganization Act of 1946, as amended, is amended to read as follows:

"'(a) The compensation of Senators, Representatives in Congress, Delegates from the Territories, and the Resident Commissioner from Puerto Rico shall be at the rate of $22,500 per annum each; and the compensation of the Speaker of the House of Representatives shall be at the rate of $35,000 per annum.'

"(b) Section 601 (b) of the Legislative Reorganization Act of 1946, as amended, is amended to read as follows:

"'(b) For the purpose of assisting in defraying expenses incurred in the operation of their respective offices, each Senator, Representative in Congress, Delegate from the Territories, and the Resident Commissioner from Puerto Rico shall be entitled to reimbursement for such expenses for each fiscal year at the rate of $1,250 per annum, which shall accrue quarterly and be paid in quarterly installments upon itemized vouchers certified by such Senator, Representative, Delegate, or Resident Commissioner. Amounts paid under this subsection subsequent to March 1, 1955 shall not be deemed to be salary, pay, or compensation for the purposes of the Civil Service Retirement Act of May 29, 1930, as amended.'

"(c) Section 104 of title 3 of the United States Code (relating to the compensation of the Vice President) is amended by striking out '$30,000' and substituting therefor '$35,000'.

"SEC. 5. In addition to any amounts heretofore authorized by law for travel, the Vice President, each Senator, Representative, Delegate, and the Resident Commissioner from Puerto Rico, shall be allowed, under regulations prescribed by the Committee on Rules and Administration of the Senate and the Committee on House Administration of the House of Representatives, respectively, out of the contingent fund of the Senate or House of Representatives, as the case may be, the expenses incurred in making not to exceed five round trips per year, beginning at noon of January 3 of a calendar year and ending at noon on January 3 of the succeeding calendar year, between Washington, District of Columbia, and the State, congressional district, Territory, or possession which he represents in Congress or, in the case of the Vice President, the State of his legal residence.

"SEC. 6. The provisions of this Act shall take effect on March 1, 1955."

And the Senate agree to the same.

That the Senate recede from its amendment to the title of the bill.

EMANUEL CELLER,
FRANCIS E. WALTER,
CHAUNCEY W. REED,
Managers on the Part of the House.

ESTES KEFAUVER,
HARLEY M. KILGORE,
JAMES O. EASTLAND,
ARTHUR V. WATKINS,
EVERETT M. DIRKSEN,
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 amendment of the Senate to the bill (H. R. 3828) to adjust the salaries of judges of United States courts, United States attorneys, Members of Congress, 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:

The following table sets forth the difference between the House and Senate versions and the conference report as to the matter of salaries:

Position	House	Senate	Conference
Chief Justice	$35,500	$35,000	$35,500
Associate Justice	35,000	34,500	35,000
Court of appeals	25,000	25,500	25,500
District court	22,500	22,500	22,500
Chief judge, District of Columbia	23,000	23,000	23,000
Court of Claims	25,000	25,500	25,500
Customs and Patent Appeals	25,000	25,500	25,500
Customs Court	22,500	22,500	22,500
Alaska District Court	22,500	22,500	22,500
Tax Court	22,500	22,500	22,500
Military Appeals	25,000	25,500	25,500
United States attorneys	12,000 to 20,000	(1)	12,000 to 20,000
Assistant and special attorneys	6,000 to 15,000	(1)	Up to 15,000
Deputy Attorney General	21,000	(1)	21,000
Solicitor General	20,500	(1)	20,500
Assistant Attorney General	20,000	(1)	20,000
Vice President	35,000	35,000	35,000
Speaker	35,000	35,000	35,000
Members	22,500	22,500	22,500

[1] No provision.

TRAVEL ALLOWANCE

The House version of the bill made no provision for any additional travel allowance for Members of Congress. The Senate version provided for an additional five round trips per year, commencing on January 3 of one year and ending on January 3 of the following year, under rules and regulations promulgated by the Committee on Rules of the Senate as it relates to Senators, and by the Committee on House Administration of the House of Representatives as it relates to the Members of that body. The House accepted the language of that provision in

the Senate bill with a minor modification in order to clarify the point that the Vice President would be included in the provision on travel allowance as provided by section 43a, title 2, United States Code. That provision would place the Vice President on a par with the Speaker of the House in this particular situation.

The Senate version provided that the judges of the Court of Military Appeals would receive up to $15 per day for travel and maintenance expenses incurred while traveling on official duty. The House version contained no such provision. Since the justices and judges of the other United States courts now receive such an allowance, the House accepted the Senate version.

COMPENSATION OF LEGISLATIVE EMPLOYEES

The House version of the bill contained a provision to raise the maximum basic compensation of professional and clerical staff members of the standing committees to $10,000 and further provided that the ceiling of $11,646 as it related to legislative employees be adjusted so that the ceiling existing under the classified pay act should be substituted therefor. The House receded from its insistence on this provision, which was not contained in the Senate version of the bill, but it was the opinion of the conferees on the part of both Houses that some adjustment should be made relating to pay increases to legislative personnel. It was the further sense of the conferees that the respective committees of each House explore the salaries of all legislative personnel for the purpose of an upward adjustment in relation to their pay as it is believed that this matter is essentially one which should be the subject of a pay act applying to all legislative personnel.

REIMBURSEMENT FOR OFFICE EXPENSES

Subsection (b) of section 2 of the Senate version provided for repeal of the existing $2,500 expense allowance to Members of Congress. No similar provision was contained in the House bill. The conferees agreed that while the present expense allowance to Members of Congress should be eliminated, there nevertheless is a need for reimbursement for certain office expenses incurred by Members for such things as additional stamps, phone calls, telegrams, robo plates, stationery for robo machines, and like expenses incidental to the proper maintenance and operation of their office. Accordingly, the conferees agreed to language which provided the sum of $1,250 annually by which Members of Congress would be reimbursed for certain expenses actually incurred over and above those for which they were already compensated in the operation and maintenance of their office. The conferees agreed that the sum of $1,250 annually should be paid in quarterly installments upon itemized vouchers submitted by them and that it was a reasonable amount to be included in order to assist in defraying the expenses of their office.

EFFECTIVE DATE

The Senate version provided that the effective date of the act would be the first day of the month following the date of enactment. The House bill provided that the effective date would be January 1, 1955, for those provisions relating to the executive and judicial branches of the Government and the date of commencement of the 84th Congress for the provisions relating to the legislative branch of the Government. The conference report provided that the effective date of the act shall be March 1, 1955.

EMANUEL CELLER,
FRANCIS E. WALTER,
CHAUNCEY W. REED,
Managers on the Part of the House.

Mr. CELLER. 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.

Mr. BALDWIN. 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 California?

There was no objection.

Mr. BALDWIN. Mr. Speaker, I continue to be opposed and intend to vote against H. R. 3828, as it comes to the House of Representatives in the form of the conference report. This measure would still provide for an increase of $7,500, or 50 percent, in the salaries of the Members of Congress. I continue to feel that it is inappropriate for a new Member of Congress to vote for a pay increase of this magnitude.

AMENDMENT OF McCARRAN-WALTER ACT

Mr. DAVIDSON. 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. DAVIDSON. Mr. Speaker, I am today introducing an omnibus immigration and citizenship bill along with Senators LEHMAN and HUMPHREY and my colleague, Congressman CELLER, to completely overhaul, revise, and replace the discriminatory immigration and citizenship laws now on our statute books. This recodification of the McCarran-Walter Act is long overdue. The McCarran-Walter Act in its present form has been the law of the land far too long. If it had been the law of our country in our early days, America could never have grown to its present greatness and indeed would never have been the America that it is.

There is nothing in this bill which impairs the security of our country. It merely eliminates the shame of racism and national discrimination from the body of our law. It eradicates the stigma of second-class citizenship now imposed on millions of naturalized Americans. All right-thinking citizens of our country, if they knew the facts, I am sure would join in demanding that Congress pass this measure without delay.

WINDFALLS IN CONNECTION WITH SECTION 608 HOUSING PROJECTS

Mr. HOLTZMAN. 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. HOLTZMAN. Mr. Speaker, some months ago there was a great fuss raised in the press over the so-called windfalls in connection with section 608 housing projects. At that time, along with many others, I urged that the investigations be extended into the section 213 cooperatives. I said then, and I repeat, that a thorough and full investigation of the cooperative housing program would make the so-called 608 windfalls look like penny-ante stuff. Unfortunately, while the committee handling the matter at that time made a very fine analysis of the problem, no worthwhile remedial legislation has resulted from the same.

Whether or not these investigations continue, and are extended, it is now perfectly obvious that the 213 cooperators are in serious financial difficulty because of circumstances over which they had absolutely no control. It is perfectly obvious that they are entitled to some measure of relief so that the inflated maintenance costs of the 213's can be kept at a minimum. In my opinion, Mr. Speaker, we have a duty to these citizens to correct some of these inequities if it is possible.

I am today introducing a bill which would in essence reduce the FHA mortgage premiums from one-half of 1 percent per annum to one-fourth of 1 percent per annum.

I am told that this measure, if enacted, would reduce maintenance costs per unit per year of 213's by as much as $10,000.

I submit that while this would only be a feeble step in the right direction, it would pave the way for restoring the confidence of our people in the agencies of our Government.

I most emphatically urge my colleagues to join with me in this measure. I truly believe that in passing this bill we would not only correct a basic inequity, but would also be discharging our obligation and our responsibilities to our people.

COMMITTEE ON SMALL BUSINESS

Mr. MULTER. Mr. Speaker, I ask unanimous consent that on Tuesday, March 1, the House Small Business Committee may sit during general debate.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

REVENUE ACT OF 1955

Mr. COOPER. 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. 4259) to provide a 1-year extension of the existing corporate normal tax rate and of certain existing excise-tax rates, and to provide a $20 credit against the individual income tax for each personal exemption.

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. 4259, with Mr. PRIEST in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Under the rule, the bill is considered as having been read for amendment. No amendments are in

order except those offered by the Committee on Ways and Means and one amendment to strike out all after line 17, page 4 of the bill.

Are there any committee amendments?

Mr. COOPER. Mr. Chairman, there are no committee amendments to be offered to the pending bill.

The CHAIRMAN. Does the gentleman from New York have an amendment?

Mr. REED of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. REED of New York: Strike out all after line 17, page 4, of the bill.

Mr. REED of New York. Mr. Chairman, I believe that this is the most important issue that has arisen on the floor of the House during my service here.

Last night I took the floor to point out the character of the issue before this House. Under our form of Government, the Committee on Ways and Means and every other committee of the House is a small legislative body within the greatest legislative body of any country in the world. I think we are all proud of that fact. We cannot afford by sharp practice or by surprise to lower the prestige of this great legislative body in the eyes of the world.

If this body has not the conscience, if it does not believe in fair play, if it develops a precedent for hitting below the belt, people are going to know it, and they cannot have any more confidence in us than our record shows that we have in ourselves.

I have always been very much interested in President Tucker, of Dartmouth College. In a notable sermon he asked the question:

Have we a national conscience which can bear the strain that is coming upon it?

He said:

I believe that you wish to build up a conscience firm and strong enough to meet the needs of the Nation, because you must know that with your answer is bound up the destiny of the Nation we love.

I think we all ought to take that to heart. We face the most unscrupulous enemy in the Soviet Union. They are looking for every little thing they can find to point out that we are a dishonest nation, that we cannot stick to the truth, that we would resort, for instance in this instance, in one part of this great body to taking undue advantage of the other.

I know the chairman of this committee, and I am fond of him. I am just as sure as that I am alive that he does not countenance this sort of practice. He has pride in being chairman. Not very many men have been chairman.

Coming from the great State of New York, the largest taxpaying State in the Union, I had the opportunity to serve as chairman for only 2 years. I felt proud of that. I know that he does. We want to maintain the prestige of this great committee within this great legislative body by following the highest standards. I do not want to see this attempt made a precedent to be flashed all over the world and especially to our enemies who fill the air every day with their propaganda about how unfaithful we are to true principles and honesty and so forth.

This amendment that has been attached to this bill does not belong here. I still cannot believe that they wanted to cheat us out of the opportunity of appearing in connection with this or knowing anything about this situation.

I shall not characterize this by any violent words. I just feel hurt and distressed that anything like this should happen in this Congress. I want this body to stand before the world as an example of what is good, straight, honest legislating. I want to protect the prestige and the honor of every committee of this House.

If we do this today, it is going to be done in other committees, and sooner or later it is going to have a corrupting influence. Let us live up to our conscience and strike this out. We know it will not work. We know that great institutions such as the life insurance companies are today worrying; they do not know what to tell their clients. They do not want to see the insurance whittled down. That is what it is going to do. You are going to have inflation. You are going to pretend to give these people something and then take it away through inflation.

So I trust that when the vote comes here men on both sides of the House will stand by the conscience and sense of fair play of this great Congress and wipe out this amendment, for which there is absolutely no defense.

Mr. COOPER. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, the effect of the pending amendment is to strike out of this bill the $20 tax-credit provision for a taxpayer and each of his exemptions.

Last year when the deficit in the Treasury was about double what it is now tax relief of about double the amount proposed here was advocated and urged by the administration. The bill then passed provided for far greater tax relief for business and the high-income taxpayers than the small amount here proposed for the low-income taxpayers.

We have heard a good deal of talk about inflation. I am just wondering whether anybody can seriously believe that $800 million difference next year is going to start a spiral of inflation in this country when last year twice that amount was added to the deficit in the Treasury and we heard nothing about the question of inflation.

The bill passed last year was estimated then to lose a billion and a half dollars of revenue, about double the amount suggested by this Democratic provision in this bill, and there is no doubt in the world that the loss of revenue will be vastly in excess of that amount.

The distinguished gentleman from New York [Mr. ZELENKO] made a very effective statement here yesterday in which he pointed out that one provision in that bill passed last year, with respect to the accounting methods, will probably lose $5 billions, and there is no telling how far it will go.

The question presented here today is one of simple justice for the low-income taxpayers of this country. Let me point out for the consideration of my good friend from Texas [Mr. DIES] who spoke here yesterday, and many others who have spoken, that this is the first administration in my knowledge in peacetime that has not even recommended or suggested a balanced budget for this Government of ours. I was here during the administration of Mr. Hoover. Mr. Hoover recommended taxes to provide for a balanced budget. Of course, we know that during Mr. Roosevelt's administration he had the great depression and the most expensive war in all of human history to finance. But Mr. Truman in 1951 recommended taxes of about $10 billion to balance the budget and the Congress only gave him about half of that amount. In 1952, Mr. Truman again recommended taxes to balance the budget. This administration has not even recommended or requested any revenue to balance the Federal budget. There is no indication that they expect to balance the budget as far as asking for additional revenue is concerned. Now we have this situation presented here—that last year the administration could urge and secure the passage of legislation increasing the deficit by at least $1,500,000,000 or about double the amount that is even suggested here today, and we heard nothing about inflation at that time or that the Government was headed toward bankruptcy.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. DIES. The gentleman certainly heard my speech last year in which I denounced the tax revision bill for the same reason that I am opposed to the inclusion of this deduction.

Mr. COOPER. I compliment the gentleman. He was right then, but I am afraid he is not as right today.

Mr. Chairman, this provision which is sought to be stricken out by this amendment simply provides for a limited degree of relief, most of which, or at least 66 percent of which will go to the low-income taxpayers of this country. It is relief that is justified. The amendment should be voted down and the bill passed, as reported by your committee.

Mr. KEAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it would have been entirely justifiable for the Democrat majority to bring before us legislation providing this type of tax reduction in a separate bill. An honest determination as to whether it was wise at this time to vote to further unbalance the budget for the coming fiscal year and the year after could then have been made.

However, this attempt by parliamentary trickery to make such a reduction veto proof deserves the condemnation of all good Americans who believe in the constitutional provision that legislation should only become law after passage by both Houses and consideration by the President as to whether the proposal is in accord with the Nation's welfare.

I feel sure that the people of our country, intelligent as they are, will see

through and condemn this shoddy maneuver. For this reason alone, even those who believe that such a cut is advisable should vote to delete this amendment, and then do their best to have the proposal reported by the Ways and Means Committee as a separate bill, which can be done by the Democrat majority any time they wish.

As far as the merits of the proposal are concerned, the Eisenhower administration through valiant efforts has succeeded in substantial reduction of Government spending.

Though I have been disappointed that we have not succeeded in balancing the budget, we are coming closer every year to doing so. The trend has been in the direction of sound fiscal management. We have again achieved an honest dollar. The fear of that inflation which is the result of unbalanced budgets has faded away. The record purchase of Government bonds by individuals shows their renewal of confidence that the purchasing power of their money would not be lost if they made such an investment, as it was over the 15 Democrat years before 1953.

This portion of the bill which we are attempting to delete would reverse this trend; would again indicate that we are taking the path of irresponsibility and further inflation.

There is one good thing about this proposal and that is that it will remind the country that Democrats cannot be trusted for sound finances and that if through some unfortunate circumstance they should resume control of the Government in 1957, our people can only look forward then to a further rise in the cost of living.

As far as the method of cutting taxes provided by this proposal is concerned, I believe that when we next are able to cut taxes we should not do so by removing 5 million people from their obligations to pay any direct tax in support of their Government, but that we should reduce the burden on the lower-income group by splitting the lower bracket, so that the tax on the first thousand of taxable income is at a lower rate than the tax on the second thousand. Such a provision as the result of my efforts was included in the 1947 tax-reduction bill when it passed the House, but owing to the opposition of the Truman administration was struck out by the Senate.

I do not believe, however, that the American people, much as they long for tax reduction, wish one now at the expense of sound fiscal policy.

It so happens that a week ago I sent out a questionnaire which reached each residence in my congressional district. I took an at-random sampling of the first thousand answers to the following question, "Do you favor an additional tax reduction now even though it would further unbalance the budget and increase the country's debt?" From that at-random sampling I found that 758 opposed a tax cut now and only 242 favored it under present conditions. My district is not a district which is a purely Republican district. I have not won by over 55 percent of the votes since 1946. My election this year was by about 53 percent.

I do not think that the American people are as dumb as you Democrats think they are.

Mr. BOGGS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, during the last 2 days we have heard a lot of adjectives here on the floor of the House. A moment ago the gentleman from New Jersey used the expressions "not to be trusted," "shoddy," and so on.

Prior to that the distinguished ranking minority member of the committee was highly critical of the procedure adopted by the committee. He led us to believe that nothing similar had ever happened in the history of the great Ways and Means Committee.

The truth of the matter is that this procedure was not one bit unusual. I recall the committee sessions on H. R. 1, introduced by the gentleman from New York in the beginning of the 83d Congress. After about an hour's discussion in the committee in executive session the distinguished ranking minority member at that time, the gentleman from Tennessee [Mr. COOPER] asked that delay be had until such time as the Treasury Department could be heard from, until such time as the position of the administration could be made known, until such time as hearings might be held on the proposed legislation. I made a motion, if I recall correctly, that we hear the Secretary of the Treasury—who is the present Secretary of the Treasury—Mr. Humphrey. That motion was voted down by a straight party vote, 15 to 10. My recollection is that this vote came on a motion to table, made by the distinguished gentleman from Illinois [Mr. MASON].

This time the majority of the Ways and Means Committee under the leadership of the distinguished gentleman from Tennessee called the Secretary of the Treasury and obtained his expressions on this legislation. Two years ago the Republican majority on the committee would not even hear their own Secretary of the Treasury. So I believe it to be a bit in bad taste to talk about our precedure as being shoddy, or star chamber proceedings, or secret meetings, when everyone knows that this proposal has been studied time and time again.

It did not take the Treasury Department any great length of time to comment on this proposal, because the measure had been before the Congress previously.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. No. I am sorry. Get your own time.

Let us do a little talking about this shoddy business. Last year we had up the excise extension bill, a bill similar to the one we have before us at the moment. What happened? Despite the opposition of the administration, $1 billion in revenues were lost in that bill. In this bill, in the next fiscal year, only 800 million will be lost, or $200 million less. Was that bill inflationary?

Did you hear anything about its being inflationary?

Did you hear what it might do to the budget when at that time the budget was more out of balance than it is right now? You did not. As a matter of fact, I recall the executive sessions of the committee—and they were executive, just as ours were; I remember trying to get from the members of the committee on the majority side the position of the Republican Treasury Department on those recommendations, and I could not get it.

Talk about irresponsibility. Talk about shoddiness. Talk about inflation. Well, now, it is just a strange situation that we could pass measures last year without even getting the views of the Treasury Department, unbalancing the budget by $2 billion to $3 billion and that was statesmanship, yet we are irresponsible. How political can you get?

Mr. BYRNES of Wisconsin. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, it is interesting to hear the chairman of the Committee on Ways and Means talk about balanced budgets. He says that the Democratic Presidents have always asked for a balanced budget, they have always asked for increased revenues to meet expenditures. I do not know whether that is true or not, but I wonder where the gentleman from Tennessee was at the time he was the No. 2 man on the Democratic side of the Ways and Means Committee. Certainly the Democratic majority of the Ways and Means Committee never reported bills which would furnish the revenue to accomplish that purpose and the Democratic Congresses never provided such revenue.

Let me say, Mr. Chairman, that the present administration believes in action, not in a lot of unfulfilled promises. We are actually arriving at a balanced budget. That is what irritates the Democratic side of this House and that is why they want to reduce our revenues by the amendment they have inserted in this bill.

Mr. Chairman, there were some words of real wisdom uttered on this floor on March 24, 1948, during debate on the revenue act of that year. That was a tax-reduction bill. It was said then by the gentleman we all respect as our distinguished Speaker, the gentleman from Texas [Mr. RAYBURN]:

> I said a while ago from this place that one of the greatest statements that was ever made by anybody was: "Just a minute."
>
> Why all this haste about tax reduction? We will have another month, another 2 months, another 3 months. We do not know how much money this Congress is going to spend.

If that advice was sound then, how much sounder it is today. Let me remind the Members that at that time the President had just a few months before, in January, sent up his budget message in which he said that the budget balance for that year would be over $7 billion. Today we know a deficit of $2.4 billion is in prospect. At that time 2 or 3 appropriation bills had passed through the House. Today we have not acted on a single appropriation bill.

Mr. Chairman, I do not think that these Democrat speeches are fooling any of our low-income people. I have more respect for their intelligence. They are not going to be fooled by the twisted use of statistics and figures, and they are not going to be fooled by half-truths.

Let us look at the history of the Democratic Party, so far as taxes are concerned, and where relief has been given. You cannot find where they have ever given much relief to anyone because in their 20 years of control of this Government taxes were increased nine times, and only once did they provide for tax relief. That was the tax bill of 1945.

Let us see how they distributed the relief that they gave on this lone occasion when they offered a tax-relief bill. Fifty-three percent of the reduction went to corporations. The balance of 47 percent went to individuals. That is their complete record of providing tax relief. Here is the breakdown:

TABLE A.—*Changes and revenue effect of the Revenue Act of 1945*

Changes	Revenue effect in 1947 (1st full year of operation)	Percent of total reduction
(1) Corporation taxes:	*Millions*	
Excess profits tax, repealed	−$4,847	-------
Normal and surtax—Surtax reduced:		
Income not over $25,000, 4 percentage points; Income between $25,000 and $50,000, from 4 percentage points to 2 percentage points; Income over $50,000, 2 percentage points	+2,058	-------
Capital stock and declared value excess profits tax, repealed	−351	-------
Total corporation taxes	−3,140	53.0
(2) Individual income taxes:		
Normal tax provided same exemptions, for normal tax as for surtax and reduced remaining liability 5 percent	*Millions* −$847	-------
Surtax reduced 3 percentage points and remaining liability 5 percent	−1,798	-------
Total individual income taxes	−2,645	44.6
Total income and excess profits taxes and the capital stock tax	−5,785	-------
(3) Excise taxes: Use tax on autos and boats, repealed	−140	2.4
Total reduction	−5,925	100.0

Prepared by Joint Committee on Internal Revenue Taxation.

Now look at the history of the Republican Party and let us take last year. But do not be dishonest and take only one bill, one little piece, one-fifth of the whole Republican tax program of last year, as the Democratic speakers want us to do. Take the whole program. First there was the $3 billion individual income-tax reduction that was permitted to go into effect on January 1 of last year. There was the $2 billion reduction in the excess-profits tax that was permitted to go into effect on January 1. There was the $1 billion reduction in excise taxes approved the early part of the year and which benefited the individual taxpayer. Then, Mr. Chairman, came the general tax-revision bill.

Let us look at this one bill that the Democrats want to concentrate on. This was a tax reform that cost about $1.2 billion, $827 million of that went to individuals and only $536 million went to corporations. Here is a breakdown of the relief granted under that law:

TABLE B.—*The revenue effects of H. R. 8300 for the fiscal year 1955*

[Millions of dollars]

	Estimated revenue loss or gain (+)
Individuals:	
Head of family:	
Full split income for 2 years after death of spouse and ½ split income for taxpayers who support parents regardless of their place of abode	11
Dividends received:	
Exclusion:	
$50 in 1954 and subsequent years	46
Tax credit:	
4 percent of taxable dividends received after July 31, 1954	158
Total, dividends received	204
Taxation of annuities on life expectancy	10
Deduction for dependents regardless of earnings	75
Dependent deduction for members of taxpayer's household who meet the support test	10
Retirement income credit	141
Deduction of interest charge on installment contracts	10
Medical expense deduction:	
Increase in maximum limitation	10
Reduction in exclusion from 5 to 3 percent	115
Limitations on drugs and medicines to excess of 1 percent of adjusted gross income	+45
Total, medical expense deduction	80
Child care deduction	130
Exemption for distributable trusts (increased from $100 to $300)	3
Premium payment test on life insurance	25
Increase charitable contribution limitation from 20 to 30 percent	25
Deduction for soil and water conservation expenditures	10
Depreciation	73
Partnerships and proprietorships taxed as corporations	20
Effect on individuals	827
Corporations:	
Natural resources: [1]	
Depletion	[2] 34
Total, natural resources	34
Foreign income:	
Removal of overall limitation on foreign tax credit	2
Total, foreign income	2

[1] A small part of this estimate applies to individuals but cannot be clearly segregated.

[2] Excludes estimate for uranium, thorium, and vanadium. Data confidential.

TABLE B.—*The revenue effects of H. R. 8300 for the fiscal year 1955*—Continued

[Millions of dollars]

	Estimated revenue loss or gain (+)
Corporations—Continued	
Depreciation:	
Allow declining balance at 200 percent of straight line	300
Restrict declining balance to assets with useful life of 3 or more years	+9
Total, depreciation	291
Net operating loss:	
Extend carryback to 2 years	90
Adjustments for dividends received and depletion	30
Total, net operating loss	120
Removal of 2-percent surtax on consolidated return of regulated public utilities	35
Tax on earnings improperly accumulated	10
Continuation of 26-percent capital-gains rate to Apr. 1, 1955	+9
Accounting provisions	47
Declarations and payment of estimated tax	([3])
Alcohol, distilled spirits strip stamps	6
Effect on corporations, exclusive of rate extension	536
Extension of 52-percent corporate rate	+1,200
Grand total	163

[3] No revenue effect in fiscal year 1955.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

I think the record is pretty clear, Mr. Chairman, as to who actually has done something for the little fellow and who has been fairer in the distribution of tax relief. I do not think anybody is going to be fooled. The people of this country are honest and they want honest facts.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the 1954 tax bill carried tax reductions aggregating $7.4 billion annually. The so-called little people, those under $5,000 in the tax brackets, received 23 percent. The big ones and the corporations received 77 percent of that reduction.

Mr. Chairman, I believe in a balanced budget. I have always voted that way and expect to continue to vote that way. That is the way I voted last year. We could have very easily balanced the budget last year. There was no reason why we should not, but we did not. It poses this question as to whether or not the deficit was premeditated for the purpose of having an excuse to vote against a bill like this that would help the small-income taxpayers.

I doubt that there is an effort made to completely balance the budget. I do not think that effort is being made by the experts in charge of fiscal policy and debt management of our Government. They do not want the budget balanced. They want to use it for an excuse. They are not trying to reduce the national debt. They are making it bigger.

What are all these commissions doing like the ones for schools and roads?

Trying to create more debt paper, high interest, tax-exempt paper, for bankers and investment bankers to put their money in, some of it manufactured money on the Nation's credit, just for that purpose, to buy United States bonds with. If they wanted to balance the budget, why did they issue bonds drawing 3¼ percent when they did not even need the money and when they could have gotten that money for much less than 3¼ percent? Why did they deliberately increase the cost of carrying our national debt if they wanted to balance the budget? Why did they put out 3-percent bonds and exchange them for 2⅞-percent bonds and deliberately increase the interest rate and deliberately increase the cost of servicing our national debt if they wanted to balance the budget? It is all done for an excuse against a policy like this that helps the little people.

TRICKLE-DOWN THEORY

Now, if I believed in the trickle-down theory, I would vote for this amendment, because it is the first time since I have been in Congress that there has been a definite, positive vote on the trickle-down theory. A vote for this amendment is a vote for the trickle-down theory. A vote against this amendment is a vote against the trickle-down theory. Now, personally I am not for the trickle-down theory. It has brought our country to the brink of ruin before, and it will bring our country to devastation and destruction again if we follow it. It is a policy of not paying any debts, creating more debts, high interest rates, greater costs for carrying the national debt and favor big business, big banks, and the big rich. That is not in the direction of a balanced budget. That is the trickle-down theory, to let the big people have it in the hope that it will trickle down, percolate down to the masses. But it did not do so in the past and it will not do so again. It is like trying to fatten the entire herd of cattle by merely feeding the bull.

In the bill last year there was $2 billions savings on excess-profits taxes. Where did that money go? Into the profits of the corporations. That is where it went.

Did they reduce prices? Not 1 penny did they reduce prices. They said they would but they did not. Therefore they are collecting from the consumers of this country in higher prices money that they use for expansion, capital for expansion, relieving them of the necessity of borrowing money.

That is the reason why people who have savings are unable to invest them now and are running into the stock market and bidding up existing securities; just because of this trickle-down theory, putting the money in at the top. That is the cause of it. It will not help our country. It will harm our country.

Mr. SADLAK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, out in Nevada last week, the first of a series of new nuclear fission explosions took place, but the continuation of experiments in this line had been indefinitely postponed due to atmospheric conditions. However, in Washington on Saturday morning, believing that the political winds were blowing in the right direction, there came a bombshell dropped by the House Democratic leadership, unannounced, unprecedented, determining that an exemption to all taxpayers should be decreed, in spite of all budgetary considerations and in spite of the fact that no appropriation for any Government Department had been brought to the floor for consideration, thus far in the 84th Congress.

And, our Committee on Ways and Means was summoned into extraordinary executive session on Monday morning to hear the one and only witness, Secretary of the Treasury George M. Humphrey, who was recalled from a Chicago meeting, to testify on the proposal—not as originally requested by the administration to extend the excise taxes as is, without variation as contained in H. R. 4201—but to be confronted with this mushroomed political appendage.

Some of my committee colleagues have termed the gesture fiscally irresponsible, and I cannot disagree. This contemplated action will definitely affect existing administrative policies tending toward a sound and stabilized dollar. The new suggestion, I believe, rudely and abruptly intercepts this sound fiscal approach with this untimely and premature political lure.

At this particular time—uncertain and conjectural as are the requirements of defense and all governmental functions—our friends on our right have the audacity to promise tax relief 10 months hence. They propose to put it on the statute books now at a time when we prayfully hope an unequalled holocaust in world's history may not explode in the Formosa Straits where the tension is at its bursting point.

I intend to support our President in helping to balance the budget and bring about a sound tax policy. I want to help him to increase fiscal stability and decrease deficit financing. I support the motion to strike by Mr. REED.

Mr. ALLEN of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time merely to read a telegram that I just received from the American Farm Bureau Federation. It reads as follows:

WASHINGTON, D. C., *February 24, 1955.*

Hon. LEO E. ALLEN,

House Office Building:

Based on AFBF resolutions adopted by voting delegates of member State farm bureaus and in view of present fiscal situation, we are opposed to any reduction in personal income tax at this time.

JOHN C. LYNN,
Legislative Director, American Farm Bureau Federation.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, on January 28, 1948, when H. R. 4790, a tax-reduction bill, was up in the 80th Congress, the gentleman from Illinois [Mr. ALLEN] said:

The excuse generally offered by those who would keep taxes on wage earners at the present high level is that an income-tax reduction would contribute to an inflationary spiral. * * * It is these huge spending programs which are inflationary * * * and not an income-tax reduction.

The gentleman from Indiana [Mr. HALLECK], in connection with H. R. 1 of the 80th Congress, said:

What are we now facing? We face a situation under which I think we must all recognize that the value of the dollar can be maintained only by the maintenance of a strong, functioning, productive economy. Certainly tax relief is now necessary if such a functioning economy is to be maintained in this country.

It seems to me that that same argument would apply to the low-income tax groups. I have some quotations here, along the same line, made by the distinguished gentleman from New York [Mr. REED] in which he said as follows:

We are releasing the $3.8 billion which can be properly called an increase in the pay of the people who earned that income, or you can put it another way and say that much of it is going to be released as venture capital, it is going into industry, it is going to create more payrolls and payrolls will create more revenue to the Government and the income from more property will be available to be taxed. That is the reasons we are going to get more revenue from tax reduction.

Speaking frankly, I would say if I were new in the Congress and had not been here at the time taxes were cut in the twenties, and the same arguments had been put out against reducing taxes and the same forces had been at work as are at work here trying to frighten the people and frighten the Congress, I might have felt some hesitation. But after the experience of the twenties, I feel no hesitation in cutting taxes now. * * * What we do here means everything in maintaining the liberty of the citizens under a free-enterprise system. We have to keep in mind what these high taxes can mean to the Government because it has been said, and truly said, that the power to tax is the power to destroy. (CONGRESSIONAL RECORD, Mar. 26, 1947, vol. 93, pt. 2, 80th Cong., 1st sess., p. 2656, debate on H. R. 1.)

Following the war (World War I) we were faced with a tremendous debt. * * * People had the highest taxes they had ever had in the history of the country at that time. I heard the same arguments then when it was proposed to reduce taxes. * * * In spite of the lugubrious howls that went up * * * we received more revenue as a result of the reduction in the tax. Then, we started to pay on the national debt. We reduced taxes again and more revenue came in and we did that four straight times. Each year for 10 straight years we reduced the national debt by $1 billion (p. 702).

It seems apparent to me that greater production is the key to the solution of our present inflationary problem. This greater production can be supplied by increasing the productivity of labor, by stimulating the incentive to break the bottlenecks which are stopping the flowing of industrial products. * * * The present wartime tax rates are not designed to provide these necessary incentives to produce. (CONGRESSIONAL RECORD, Jan. 28, 1948, vol. 94, pt. 1, 80th Cong., 2d sess., p. 703, debate on H. R. 4790.)

Also I have here a copy of the New York Times of Tuesday, February 22, 1955. This is what it says:

Dupont earnings rose 48.4 percent in 1954.

Douglas Aircraft profits rocket 94 percent in 1954.

We have no renegotiation act in effect at the present time. None has been recommended by the Eisenhower administration. Their profits increased in 1 year from $18,586,000 to $36,156,000.

Also:

Eastman's profit rises 39 percent in year.

And yet when it comes to a $20 tax credit which benefits the lower-income tax groups it is inflationary, it is dangerous, it is politics, it should not be done.

Now let us examine what the Republican majority on the Ways and Means Committee had to say in their committee reports in the 80th Congress about tax reduction.

House Report No. 180 on H. R. 1, 80th Congress, 1st session:

The severity of existing taxes makes them a real threat to the initiative and new investment essential to a high level of employment.

Your committee believes that the bill is economically desirable both because it stimulates investment and managerial incentives and increases consumer purchasing power. The stimulus to venture capital and managerial initiative provided by the bill can best be seen by examining the proposed reduction. * * *

Individuals in these income classes [under $5,000] control about 80 percent of consumer purchasing power of the Nation.

The added spendable income in the hands of the consumer, and incentives for business expansion which this bill provides not only are important from a long-run point of view but also as counteractives if the recession, so frequently forecast by businessmen and Government officials, should occur. * * * If such a recession should take place, it is important that the tax reductions be made now, since a considerable period must elapse before these tax-reduction measures achieve their full economic effects.

House Report No. 1274 on H. R. 4790, 80th Congress, 2d session:

H. R. 4790 provides tax reduction, relief, and equalization. It reduces * * * the individual income tax. These rates were a product of wartime conditions, and constitute a serious obstacle to the increase in production needed to relieve current inflationary pressures. The reduction of these rates also is essential to the long-run improvement in the American standard of living.

* * * * *

By lowering tax rates * * * your committee's bill will increase the incentives of labor and management to produce and will increase investors' willingness to assume business risks.

The foregoing are Republican words that were totally inconsistent with Republican action in the 80th Congress.

Any time anyone takes this floor and speaks for the average person of America, he is accused of being a demagog, playing politics, or being a Socialist or something else.

The gentleman from Wisconsin [Mr. BYRNES] in his remarks said:

The present administration believes in action and not unfulfilled promises.

I am sure the gentleman must think we have a forgetful memory. Do I remember hearing something about the great crusade? Where is that now?

Do I remember hearing some promise made about the liberation of enslaved peoples? Where is that? Not only broken but forgotten.

Do I remember hearing something about the promise of massive and instant retaliation? Where is that promise? Not only broken but forgotten.

Do I remember hearing something about unleashing Chiang Kai-shek? Where is that promise? He has been releashed, not released—releashed, his hands tied, the promise not only broken but forgotten.

Do I remember hearing something about cooperative peace? Not only broken but forgotten.

Do I remember hearing something about the promise of peaceful coexistence? I was never for it but the present administration had plenty to say about it.

Do I remember hearing something about the promise of the new military look? Where is it? Not only broken but forgotten.

Do I remember hearing something about the promise of a balanced budget? That promise was definitely made. No matter how much some of my Republican friends—you note I say "some of my Republican friends"—might talk to the contrary, they cannot forget the fact that those promises were made.

Yet my friend from Wisconsin [Mr. BYRNES] has the audacity to take the floor and make the statement that the present administration "believes in action and not unfulfilled promises." The record is one of broken promises.

Mr. Chairman, during the consideration of H. R. 8300 in the 83d Congress, the Democratic Members of the House made many unsuccessful efforts to obtain satisfactory revenue loss estimates. The Department of the Treasury seemed very reluctant to make such data available.

I have had such data prepared and I submit it for the RECORD at this time so that the Members of the House can be informed about what Republican tax relief did for the small income taxpayers.

I recognize the fact that these figures may not be 100 percent accurate but they are substantially correct and should be available to the House membership pending the release of Treasury data.

REVENUE LOSS UNDER INTERNAL REVENUE CODE OF 1954

The following factual analysis is designed primarily to show who benefits—and by how much—from the compromise tax bill approved by the conference committee—based primarily on recommendations of the Eisenhower administration.

In considering this analysis, two facts should be kept in mind: (1) only 20 percent of all taxpayers have incomes of over $5,000 a year; (2) most of the 80 percent of taxpayers with incomes of under $5,000 got little or no relief from the individual income tax reductions of last January 1, when coupled with the social security tax increase. (A family of 4 earning less than $3,500 actually suffered a tax increase on January 1.)

Summary table

	Total annual tax relief (in millions)				
	Fiscal year 1955			Full effect	
	Percent of all taxpayers	Percent of total	Amount	Percent of total	Amount
Corporations	------	39.0	[1] $530	73.0	[2] $2,439
Taxpayers over $5,000	20	38.0	516	18.0	601
Total, corporations plus taxpayers over $5,000	------	77.0	1,046	91.0	3,040
Taxpayers under $5,000	80	23.0	311	9.0	311
Grand total	------	100.0	1,357	[3] 100.0	3,351

[1] Does not include the temporary continuation of present corporation tax rates.

[2] Includes maximum annual revenue loss of $2.2 billion (reached in 1960) from new depreciation method (assuming that present rates of taxation and capital investment remain the same) according to estimates of the Joint Committee on Internal Revenue Taxation.

[3] Does not include $6 million revenue loss from alcohol "strip stamps."

Attached is detailed list of the items in this bill on which this summary is based.

NOTE.—A table showing the benefits to corporation shareholders under the compromise "dividend tax credit" provision is attached.

I. Who gets how much tax relief from the Republican tax bill

A. PROVISIONS WHICH WILL BENEFIT THE 80 PERCENT OF TAXPAYERS WITH INCOMES OF LESS THAN $5,000 (AS WELL AS THOSE WITH HIGHER INCOMES)

Provision	Comment	Total annual tax relief (in millions)	
		Fiscal year 1955	Full effect
Exemption for foster children		$10	$10
Taxation of annuities		10	10
Tax credit on $1,200 of retirement income		141	141
Child care deduction	This will allow a deduction of only a week for a working mother, regardless of how many children she has.[1]	130	130
Deduction of interest charges on installment buying	This benefits only those who itemize their deductions instead of taking standard 10-percent deduction. Only 19 percent of the under $5,000 group itemize.[1]	10	10
Soil and water conservation expenditures		10	10
Total relief for primary benefit of under $5,000 group		311	311
Percent of total gross tax relief in this bill [2]		23	9

[1] When a similar provision was included in the House bill in 1948, there was an estimated loss of $100 million. (See H. Rept. 2087, 80th Cong., 2d sess.)

[2] This is a percentage of all the tax reductions made in this bill, all of which are permanent. This does not include the extension of the present corporation tax rate, which is simply a 1-year proposition, and which will net $1,200 million in fiscal year 1955.

I. Who gets how much tax relief from the Republican tax bill—Continued

B. PROVISIONS WHICH WILL PRIMARILY BENEFIT THE 20 PERCENT OF TAXPAYERS WITH INCOMES OVER $5,000

Provision	Comment	Total annual tax relief (in millions)	
		Fiscal year 1955	Full effect
Dividend tax credit	92 percent of all families own no corporation stock; those with incomes under $5,000 receive only 11 percent of all dividend income; 4 percent of all taxpayers get 76 percent of all dividend income; 9/10 of 1 percent of all taxpayers get 55 percent of all dividend income.[1]	$204	$362
Full split-income benefits for "head of household" [2]	A head of household with 1 dependent earning less than $3,555 gets no benefits whatever from this provision, and earning $5,000 gets only $13 benefit.	11	11
Exemption for dependents under 19 or students, regardless of their earnings.	This will primarily benefit families who are able to send their children to college.	75	75
Medical expense deductions	This benefits only those who itemize their deductions instead of taking standard 10-percent deduction. Only 19 percent of the under $5,000 group itemize.	80	80
Personal exemptions for trusts raised from $100 to $300	Very few, if any, taxpayers with incomes under $5,000 put their property in "trusts."	3	3
Premium test on life insurance in estate taxation	Estate taxes only apply to people leaving estates of over $60,000	25	[1] 25
Increase in charitable contribution limit from 20 percent to 30 percent.	Very few taxpayers, if any, with incomes under $5,000 can afford to give 20 percent (much less 30 percent) of their incomes to charity.	25	25
Depreciation under the new "declining balance" method	This will primarily benefit partnerships and unincorporated businesses, although such people as farmers will be eligible for its benefits.	73	(4)
Taxing partnerships and proprietorships as corporations		20	[5] 20
Total relief for the primary benefit of the over $5,000 group		516	601
Percent of total gross tax relief in this bill		38	18
C. PROVISIONS WHICH WILL BENEFIT CORPORATIONS			
Depreciation (under the new "declining balance" method)		$291	[6] $2,200
Natural resources (percentage depletion)		34	34
Net operating loss		120	120
Other		85	85
Total relief for the primary benefit of corporations		530	2,439
Percent of total gross tax relief in this bill		39	73

[1] When a similar provision was included in the House bill in 1948, there was an estimated loss of $100 million. (See H. Rept. 2087, 80th Cong., 2d sess.)

[2] This provision can only be applied to the 2 years following the death of the father or mother where there are children in the family.

[4] The maximum revenue loss from the new depreciation provision for both corporations and "individuals" ($2.2 billion in 1960) is shown under corporations. No estimate is available as to how much of this $2.2 billion benefit goes to "individuals."

[5] This is probably a conservative figure, since businesses unable to make the necessary reorganization during fiscal year 1955 will be able to do so in subsequent years and thus benefit by this provision.

[6] Estimated by the Joint Committee on Internal Revenue Taxation to be the maximum revenue loss, reached in 1960 (assuming that present rates of taxation and of capital investment (replacement) remain the same). IMPORTANT NOTE.—Total loss from this provision estimated at $19 billion. (See p. B3 of the Minority Report of Committee on Ways and Means, H. Rept. 1337, 83d Cong., 2d sess.)

Amount of tax savings to corporation shareholders under the compromise dividend tax credit provision

Income	Married couple, 2 dependents		Tax saving	Percent increase in take-home pay
	Tax on earned income	Tax on unearned income		
$3,000	$60	$40	$20	0.7
$5,000	420	328	92	2.0
$10,000	1,372	1,099	273	3.2
$25,000	5,318	4,497	821	4.2
$50,000	15,976	14,246	1,730	5.1
$100,000	44,724	41,188	3,536	6.4
$500,000	356,956	339,009	17,947	12.5
$1,000,000	766,456	730,509	36,147	15.4

NOTE.—This gives investment income an enormous advantage over earned income, contrary to most tax philosophies and systems.

WHO GETS THE DIVIDEND INCOME?

Eighty and three-tenths percent of all taxpayers (those with incomes under $5,000) get only 10.9 percent of all dividend income.

Three and seven-tenths percent of all taxpayers (those with incomes over $10,000) get 76 percent of all dividend income.

Eight-tenths of 1 percent of all taxpayers (those with incomes over $25,000) get 55 percent of all dividends.

(Source: Statistics of Income, 1950.)

WHAT PORTION OF LOW- AND HIGH-INCOME GROUPS REPORT DIVIDEND INCOME?

Only 4.5 percent of taxpayers with incomes under $5,000 reported any dividend income at all.

Only 16.6 percent of taxpayers with incomes between $5,000 and $10,000 reported any dividend income at all.

Forty-nine and four-tenths percent of taxpayers with incomes of $10,000 to 25,000 reported dividend income.

Seventy-three and seven-tenths percent of taxpayers with incomes over $25,000 reported dividend income.

(Source: Statistics of Income, 1950.)

Mr. JUDD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I cannot let pass without answer the repeated untrue charges that the last Congress did not give any tax relief for the little fellow, the low-income groups, the poor man and his family, and so on.

Why not look at the facts? Look at what we actually did.

Almost two-thirds of the tax relief, about $4.7 billion, went to individuals.

First, everybody got a 10-percent reduction. Rich or poor, every taxpayer got a 10-percent reduction of his income tax. That amounted to $3 billion savings.

Second, every person who purchases any commodity on which there is an excise tax, benefits from the reduction of such taxes by a half, in most cases. When any person buys some cosmetics, or a handbag or other luggage, or a refrigerator or other household appliance, or a movie ticket, or a bus ticket, or pays a telephone bill, that person whether a big shot or a so-called little fellow, pays only about half as much excise tax as formerly.

Those two measures gave relief to every taxpayer, and the same to the poor as to the rich.

Then we selected for special relief those who need tax relief most. Who are the people who need relief most? First, the aged. We allowed those who have pensions or retirement allowances, who have built up provision for their old age in the traditional American way and in accordance with the philosophy of self-reliance, to deduct from taxable income the first $1,200 of their retirement allowance.

Second, the ill. Those are the families that need help most. We allowed them to deduct all medical expenses above 3 percent of their income instead of 5 percent as was the case previously.

Third, those with big families and youngsters who can work and earn. Formerly, if a boy or girl went out and earned $600.01, the family lost that dependent as a $600 exemption. It was penalized because of the youth's following the normal American tradition of industry and initiative, working to make the most of himself and to help his family. We Republicans believe in the American system and want to support it, not punish those who use it and work to preserve and strengthen it. We gave tax relief to families so the grown boys and girls are encouraged to earn as much as they can without the parents being penalized by losing them as exemptions.

A fourth group was the working mothers and widows who have to pay somebody to take care of their children while they work. Why should not that expense, within limitations, be a legitimate deductible business expense? Why should they not be encouraged to do all they can to support their families rather than go on relief?

The people who need tax relief most are not those with regular jobs paying $1.25, $1.50 or $1.75 an hour, but the elderly, the ill, families with teenage youngsters, and widows and mothers who work to support their families. The Republican 83d Congress gave them relief.

That is the answer to the baseless charge that we are not concerned about "little people." Look at the record. We gave most tax relief to the people who need it most. It did not, perhaps, have

as much vote appeal as $20 to every taxpayer whether he needs it or not; but it was done because our first concern, next to the fiscal solvency of the Government, is for those citizens who are in greatest need.

Now consider the other third of the tax relief, some 2½ billions. It went to corporations—and it has been said repeatedly that this showed our first concern is for big business and not for little people. But take a good look at what we did for or to corporations. First, we kept at 52 percent instead of 47 percent, the tax rate on all corporations. We plugged more than 50 loopholes that smart corporation lawyers were able to take advantage of to get out of taxes. That action of ours was hardly partial to corporations.

The tax relief that we gave to corporations was in such items as enlarged depreciation allowances to encourage them to expand and thus make jobs.

It was not to help the corporations as such. It was to help the unemployed, that some of you last year were shouting about almost every day. The end of fighting in Korea ended millions of war jobs. Where were those discharged persons to get work? You wanted us to appropriate endless billions of more money and still more money for Government handouts. You said there was already such a terrible, terrible depression that we had to help the unemployed by direct relief right then and there.

We believe jobs in private industry are better than relief. So we gave tax reductions to corporations to expand employment. And it worked. It did encourage the corporations to expand their operations and provide jobs. As a result the predicted depression did not develop.

Mr. Chairman, there is no such thing as a job without first of all somebody putting up some money to buy a plant and buy some equipment and buy some raw materials and pay wages to workers. If private industry and corporations are not given incentive to do that with their own money, who else can provide the jobs? Only the Government through tax money. Is that what you want?

The tax relief that we provided for corporations was not as a favor to the corporations; it was as a favor to the workers—again, the so-called "little fellow."

How did it work? Well, by the end of last year our economy had already provided 62 million jobs—with peace. The highest under the previous administration was only 64 million jobs, even with a war.

Thus the record will show that we gave most tax relief for those individuals who needed it most. And the relief we gave to the corporations was primarily to help the workers by making peacetime jobs for the unemployed. I am exceedingly proud of that record. Let us be done with these baseless charges and misrepresentations.

Mr. WRIGHT. Mr. Chairman, I am supporting this bill and opposing the Reed amendment because I believe the committee proposal will be clearly beneficial to the average American and to the economy of our whole Nation.

It may sound like an oversimplification to say that when we benefit the average American, we benefit America, but it is nevertheless true.

By permitting a tax reduction of $20 for each dependent beginning next January 1, this proposal will provide a measure of tax relief for those who need it most—for the moderate income families upon whom the weight of the Federal tax burden has begun to fall with increasing heaviness.

These are the people who pay the bulk of the excise taxes, and it seems only right that they should be relieved of part of the burden of income taxation.

A single person trying to support himself on only $25 a week is getting hardly enough on which to live. Yet, under the present law, the income tax takes a $116 annual bite out of his meager earnings. He must manage somehow on his bare subsistence to contribute the equivalent of almost 5 weeks' work to the Government. This person is entitled to the $20 in tax relief which he would receive through this measure.

A married man with a wife and child trying to establish a home on $300 a month must today hand over 1 month's paycheck for income taxes. To lighten this family's tax burden by $60 seems only just.

This bill is designed to spread its benefits among our citizens who need them most in their efforts to cope with the high cost of living.

It is designed also to strengthen the entire national economy. Allowing the average American family of 4 to keep an extra $80 of its income to spend on family needs next year should have a dynamic effect on lagging retail sales.

It would not be realistic to say that we are today in a serious depression. But neither would it be realistic to close our eyes to the danger signals which have become so clearly evident during the past 18 months.

Our gross national product declined $12 billion last year from the year before in spite a 3 million growth in population. The total number of unemployed doubled during 1954.

In a free, healthy capitalistic economy, private employment in sound business is surely preferable to public-works employment. Yet we cannot increase private employment except as we increase the production of American business.

Obviously, production can enjoy no continuing increase except as consumption increases.

And what better way could we find to influence greater consumption of goods on the part of the American public than by permitting the average American to retain more purchasing power?

Spending power is the oil that lubricates the machinery of prosperity.

This bill would unleash approximately $2 billion of dynamic buying power among people who will keep it circulating in the bloodstream of our commercial life, mostly among people required by necessity to spend all of their available resources upon consumer goods, enhancing their modest standard of living and facilitating the free flow of commerce.

The measure has been criticized on the grounds that it will exempt numbers of people of any income-tax burden. Let us see just who it will exempt.

It will exempt the fellow who is earning only $700 a year, just $58 a month, out of which he is now expected to eke out income-tax payments.

It will exempt the married couple trying to struggle along on $119 monthly, out of which they must presently save up $40 for income taxes.

These people will still contribute appreciably to our Government through their payment of excise and other consumer taxes. To relieve such hard-pressed citizens of this additional burden cannot be dangerous.

Since there has been so much talk of fiscal irresponsibility on the floor of this House by the critics of this tax-relief proposal for the average American, I think it is necessary that several facts be pointed out:

First. Tax receipts for fiscal 1956, even with this moderate tax cut, will still be more than a billion dollars greater than we are receiving in fiscal 1955.

Second. Most of the very people who are today objecting most strenuously to this $2-billion tax reduction were beating the drums a year ago for the $7.4-billion tax cut they succeeded in putting into effect. Only two Republicans in the House voted against a $5-billion tax cut in 1948, and a vast majority supported the still larger one last year.

Third. If it was sound fiscal policy last year, when the President had already forecast a larger deficit than he has this year, to approve twice as costly a cut for the principal benefit of higher income taxpayers, then it cannot be fiscal irresponsibility this year, in face of a smaller deficit, to provide less than half as big a cut for the benefit of moderate income taxpayers.

Fourth. The President himself said only last month in his budget message to Congress that he expected further tax reduction to be "justified next year, to spread the relief fairly among all taxpayers." This bill, scheduled to take effect next year, should make a reality out of the hope he expressed.

Fifth. As the gentleman from New York [Mr. REED], who now objects so vociferously to this measure, has said on so many occasions, tax-reduction bills do not necessarily result in decreased revenues. Speaking to this House on April 13 of 1953, he said a personal income-tax reduction of 11 percent "will not hurt the Treasury one iota, or prevent us from having a balanced budget."

On January 29, 1948, he told of cutting taxes in the 1920's and said:

> We received more revenue as a result of the reduction in the tax. We reduced taxes again and more revenue came in, and we did that four times.

Sixth. In all honesty, however, I think we must assume that this reduction will diminish Treasury income by the expected $2 billion. This gives us a full year to scale down appropriations accordingly.

There are many who believe that foreign-aid payments may be safely reduced as result of the 3-year extension of

reciprocal trade and the lowering of tariffs on goods from friendly nations.

As a member of the Public Works Committee, I am convinced that some substantial economies can be made in trimming down the administration's ambitious $27 billion highway plan which would cost an additional $11.5 billion in interest over the next 30 years.

These and other savings could easily balance off the $2 billion tax reduction proposed for the average American.

Seventh. By planning a full year ahead, we shall have ample time to review what we have done if in the light of any new emergency it should prove unworkable.

In face of these facts, I think it ill-behooves many of the opponents of this measure to wrap the cloak of self-righteous sanctimony about themselves with their shrill cries of demagogery and fiscal irresponsibility.

Let us face the issue squarely: Last year tax relief was provided to help mainly the larger income taxpayer and dividend earner. Whether it was then justified I cannot say, for I was not a Member of that Congress.

The two questions we now face are these:

First. Do we wish to equalize that tax relief by distributing similar benefits among the great mass of average Americans of moderate income and thus counteract the trends of decreased buying, slackening production, and rising unemployment?

Second. Are we prepared to make an honest effort to hold Federal expenditures down to the essential levels in order that this may be accomplished next year without adding further to the deficit?

Personally, I think both questions can be answered affirmatively. And for these reasons I shall support this bill.

Mr. McCARTHY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the Christian Science Monitor, Thursday edition, suggests this particular debate be conducted in terms of political economy. The gentleman from Louisiana has made, I think, a very important point with reference to all of the statements assailing and impugning the motives of Democrats or anyone who supports this particular measure.

I would like to discuss some of the economic questions which I think are important on this debate. The Republicans have charged that this action will be inflationary. I suggest that they compare economic conditions today with the economic conditions which existed in January 1953 when, under the leadership of the gentleman from New York [Mr. REED], they attempted to advance the effective date of the 10-percent reduction in income taxes scheduled for January 1954. At that time there was definite indication of inflation. The Federal debt was increasing—the cost of living was rising. Despite the evidence of inflation, the gentleman from New York [Mr. REED] proposed that we advance the date at which these tax reductions should go into effect. An important tax cut was made in the last Congress despite the fact that the administration anticipated making a request for authority to increase the public debt by 15 billion.

Let us take a look at the effect of the tax reduction of last year. There is no question but what it was intended to help industry, to stimulate investment. Republicans made an economic argument for their action. Let us look at the record of what has happened since that bill was adopted.

Investment in new plant and equipment declined by 2 billion in 1954. Gross national products declined by approximately $8 billion. Unemployment was nearly twice as high in 1954 as in 1953.

The Secretary of the Treasury has stated his opinion that there is an unsound inflationary factor working in the stock market. I suggest that the explanation of that unsoundness, since corporate earnings have declined and since there is little prospect of inflation, is the tax and fiscal policy which has been pursued by Congress and the administration. Tax action which will restore the balance between consumer demand and the potential of our economy to supply that demand is necessary. The administration has expressed great concern about the lack of balance in the Federal budget. In the short hearings which we held on this bill—and this is material which I am sure would have been brought out in public hearings—the specific question was asked of the Secretary of the Treasury as to whether he would prefer to have the Congress, if it persisted in making this tax cut, at the same time take action to provide for increased revenue through such measures as repealing the present dividend exemption provision of the law or simply to make this cut. The Secretary said that he would rather have a greater deficit than to have funds replaced through repeal of the dividend exemption.

I suggest that that was the time to speak up about inflation.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. McCARTHY] has expired.

Mr. MARTIN. Mr. Chairman, I move to strike out the last word.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. MARTIN. I gladly yield to the gentleman.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all pro forma amendments close in 10 minutes, 5 minutes for the gentleman from Massachusetts, and 5 minutes on this side.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. GAVIN. I object, Mr. Chairman.

Mr. MARTIN. Mr. Chairman, there is little new that can be said upon this proposal. It has been thoroughly debated yesterday and today. Frankly, I believe that everybody's mind is made up, and few votes could be changed by talk at this time. However, I do wish to express a few thoughts.

This tax proposal has been thoroughly debated and clearly understood throughout the country. I hold in my hand a sheaf of editorial comment from newspapers. May I say that invariably, from the Atlantic to the Pacific, the newspapers of this country are opposed to tax reduction at this time. They believe it is poor timing and not in the best interests of the country.

No one would say that all the newspapers can be wrong. I believe they are correct in their appraisal of the bill and the injury passage at this time threatens to do to our economy.

There has been some talk relative to the position of the President of the United States. I shall read two statements which I believe make crystal clear his position on this bill and upon tax reduction in general. This statement was made in his state of the Union address on January 6 of this year:

> Last year we had a large tax cut and, for the first time in 75 years a basic revision of tax laws. It is now clear that defense and other essential Government costs must remain at a level precluding further tax reductions this year. Although excise and corporation income taxes must, therefore, be continued at their present rates, further tax cuts will be possible when justified by lower expenditures and by revenue increases arising from the Nation's economic growth. I am hopeful that such reductions can be made next year.

On the 17th of January in his budget message he made this statement:

> We must always make adequate provision for our security and other essential services, and further tax reductions can only be made as savings in governmental expenditures or increased revenues resulting from growth in our economy are in sight.
>
> However, further tax reduction remains a firm goal of this administration, and our policy is directed to achieving both the savings in expenditures and the economic growth that will make such reductions possible.

These statements are the official views of the President.

It is clear from these statements that further tax reduction must be based on further improvement of the fiscal situation. The budget reported that there would be a $2,400,000,000 deficit this year. Obviously working for a balanced budget this deficit would not permit the attempted reduction, without presenting a serious threat.

Personally I believe the best way to put this country in a position where tax reductions will be possible will be for the Congress to economize and bring the budget into balance. If the people of the country knew we were determined to do that, there would be such confidence and stimulation of industry that increased revenues plus our savings would bring about a balanced budget and make a tax cut possible. This would be a welcome signal for everybody—the businessman and the worker alike. It would stimulate the good times we all want.

Whether a man receives tax relief to the extent of $20, $30, or $50, whatever the amount may be set does him no good if he does not have a job. It could be a positive ill if our action would put the budget out of balance, and cause an inflation of prices. It would not take much of an increased cost of living to erase the meager tax relief and it would press heavily upon the lower group, who are not paying any taxes at all.

No; I think we have got to be sensible. There is no real reason to be stampeded

into action today. You have a Democratic Congress, you have a Democratic Ways and Means Committee. You can institute legislation at any time. Let us wait until the appropriation bills are out of the way; then we can see more clearly what the fiscal situation is. Then as sensible legislators, fully conscious of our obligations not only to our party but to the country we can act more wisely. In these days when war and peace hang in the balance we must proceed cautiously.

Mr. Chairman, I believe we should hesitate about going ahead with tax reduction regardless of what the economic situation might be at home or what we may face abroad. As long as we have this Soviet threat we have got to keep our forces armed to the teeth in order that we can protect ourselves. That is going to cost money; a lot of money, and I cannot believe any sizable group in our country is opposed to making some contribution to the support of our country.

The average American citizen is proud of his country and is appreciative of what the country means to him. He wants to help pay for the cost of defense.

So my friends, let us cut down the cost of Government; let us through our savings demonstrate we can balance the budget and permit of savings that will make possible tax reduction. Then we can have the reductions we all seek without jeopardizing our country with rising debts, unbalanced budgets and dreaded inflation. When the trade bill was before the House there was considerable inquiry from the Democratic side as to how the President stands. Perhaps some of you are still interested, particularly those who in the last election promised to stand by Eisenhower and this enhanced their prospects of victory. The President is absolutely opposed to tax reduction at this time. He considers it injurious and a blow to his efforts to hold a prosperity based on peace. I hope the Reed amendment will be adopted and tax reduction be deferred.

Mr. COOPER. Mr. Chairman, I renew my unanimous-consent request that all debate on the pending amendment and all pro forma amendments thereto close in not to exceed 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I do not think it is necessary for me to go into the merits of this provision in the bill or into the merits of the amendment to strike it from the bill because it has been thoroughly discussed by Members on both sides of the aisle who are more capable of discussing the technicalities of the tax bill than I am.

During all of my service in this House—and I do not intend to lecture anyone—I said one sharp thing to a Member of Congress that I allowed to stay in the RECORD and I have been ashamed of that ever since.

Now, argument is one thing and accusations are another. I have heard from those on my left, some of them pretty prominent in the Republican Party, statements here that grieved me very much. We are considering a great question where arguments should be put forth to try to influence the votes of the Members of this Chamber on both sides of the aisle. I heard the word "blackjacking"; I heard the phrase "shoddy deal" used; I heard the word "irresponsible"; and I heard the words "buying votes."

I would be very much ashamed to serve in any body, especially this one, where we have people indulging in shoddy deals. I would not accuse any Member of this House or anyone who ever served in this House of being engaged in a shoddy deal or in blackjacking.

Irresponsibility? Who here does not feel responsibility, not only to his constituents, his State, his country, and the world in the position in which we stand—in the position in which we find all of the democracies of the world today—threatened more than they have ever been since Vally Forge, or, in my opinion, since civilization came to this earth.

I am going to vote against this amendment to strike the so-called $20 provision out of the bill, and I am in no shoddy deal. I am not trying to blackjack anybody and I am not trying to buy any votes, and you who have made those statements will live to regret it.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. HOFFMAN of Michigan moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

Mr. HOFFMAN of Michigan. Mr. Chairman, almost am I so highly elated, so deeply grieved, by the just finished masterly oration of our Speaker, whom we all honor and respect, that I have difficulty in speaking. Elated because I was privileged as a Member of this House to listen to his wisdom and his oratory; grieved because he seemed to feel that he and some of his Democratic colleagues had been accused of blackjacking the President; of supporting or opposing legislation because of political motives; of entering into "shoddy deals."

The Speaker vehemently asserted—at least, as I recall his talk—that he was not blackjacking anyone; that he had not entered into any "shoddy deal" in connection with this or any other legislation.

As a pinch-hitter the Speaker never fails to deliver.

Now, while there may, during the debate of yesterday, or even today, have been some intimation or even charges that the position of some Members of the House was influenced by political considerations, certainly I have not made any such charge. We all know that political considerations never influence the casting of our votes.

While it has not been my privilege to serve in this House for any forty-odd years, as has the Speaker, I have been here long enough to have heard pleas similar to the one the Speaker just made, made from the well of the House on more than one occasion. And, may I add, for a similar purpose.

Efforts such as he just made but call to mind, when, years long gone by, as an attorney I listened to opposing attorneys—who desired to distract attention from the real issue—charge me with misstating the facts, beclouding the issue, or making unfair charges against their client or against their methods.

In short, when there was no real merit to the defense which they were able to devise, they sometimes claimed that they had been unjustly accused of wrongful conduct.

The Speaker, familiar with House debate, should not be, and I am sure is not, too deeply grieved by any unfounded charges which have been made.

Under our system of government and under our practice, everyone has the right to his own opinion. He also has the right, if opportunity offers, to express that opinion.

For myself, permit me to add that, while I frequently cannot accept the judgment of even the majority of the Members of the House, never have I thought, much less charged, that any Member entertained improper motives which influenced either his judgment or the casting of his vote.

It is doubtful if anyone would even suggest that members of the Democratic Party, by the position they have taken on this exemption, are seeking to buy votes.

Permit me to remind my Republican colleagues that our worthy opponents, who—our great President just reminded us—are not our enemies, are far shrewder politically than are we.

If their attitude on this bill as written was motivated by a desire to buy votes, instead of bringing in a little, petty $20 exemption for members of a certain group who, under the present law, are required to pay an income tax, they would have come in with a legislative proposal to give every voter, whether his income required him to file an income-tax return or whether it did not, either a straight $20 exemption or, if he was not required to file an income tax return, a $20 payment for himself, each and all of his dependents, all of his offspring.

That is what the leaders of any group influenced solely by vote-getting ideas would, or at least might, have done, if their purpose was to buy votes.

No, I doubt if any Member of this House would seriously charge our Democratic friends and opponents with an attempt to buy votes.

Permit a repetition. If their sole purpose was to buy votes, they would come along—and they have the votes—with a proposition far more attractive—and this is really an attractive one—far broader than the present bill.

More than once it has been my privilege to see the Speaker—again let me emphasize the point—whom we all honor and respect, come down into the well of the House, use his great ability; unconsciously throw into the scale the prestige that his high office gives him, and make his plea for support of a specific legislative proposal.

Never, of course, never has he gone on the floor of the House—certainly he did

not today—with the idea of buying votes; of "blackjacking" anyone; of carrying out any "shoddy deal." Of course not.

Certainly, the Speaker had no intention; assuredly he made no effort, to intimidate anyone.

Nor, in my opinion, did he at any time even intimate that any political advantage would accrue to the Democratic Party because of its present opposition to the administration's position on this bill. Perish the thought that today—February 25, 1955—our Democratic friends are looking forward to the political campaign of 1956. How absurd that thought would be. Have they not many times announced their support of "Ike."

The Speaker just gave his colleagues on the Democratic side the benefit of his wisdom. Beyond question, because of his long experience in the House, his familiarity with legislation, past and present; his opinion has weight equal—yes, superior—to that of a mere party leader who on occasion can crack a disciplinary whip over the average Member.

I place no credence whatsoever in the recent newspaper report that, at a breakfast attended by some of the younger Members on the Democratic side, the Speaker made the statement, in substance, that, if a Member wanted to get on, he should go along. That, in my judgment, was just some newspaper story.

My reaction, as our honorable and honored Speaker gave us the benefit of his views, was that, because of his wide knowledge of legislation generally and of the present financial situation in which we find ourselves, he was just advising us as to how each of us should cast his vote.

In his remarks, there was no cracking of the party whip; there was not the slightest hint of intimidation. He seemed to feel greatly and unjustly hurt, grieved, and abused because some thoughtless individual—perhaps some Member of the House— during the debate on this measure had so far forgotten himself as to suggest that political considerations either had influenced or might influence, a Member in casting his vote.

There was no hint of the purchasing of votes in our Speaker's remarks. No. No. He was just enlightening the Members of the House, and especially those on the Democratic side, as to the manner in which they could best discharge their duty to the people of thir districts; to the Nation as a whole.

Permit me to say just one thing about this bill. By and large, those who are supporting this provision which would exempt a certain group of taxpayers are the same individuals who consistently for the last 10 years, if they have been here that long, or for 20 years if they have been here that long have gone along and voted for appropriation after appropriation which created the situation in which we now find ourselves and yet those same individuals who have voted for those billions upon billions of appropriations now want to deny to the present administration the opportunity to get the money to meet our obligations.

A logical conclusion which can be drawn from the position taken by the Speaker, the gentleman from Texas [Mr. RAYBURN] is that, even though his party has consistently over the years advocated and voted for policies which required the expenditure of billions upon billions of dollars, now, as the payment of some of our debts falls due, we should legislate in such a manner as to deny to this administration the opportunity of honorably meeting our obligations.

The gentleman's party continuously claims credit for all the benefits which have flowed from the expenditures for which they voted—expenditures which have resulted in an ever increasing national debt; with every year a higher interest payment; with every year a heavier burden on the taxpayer's shoulders. But, today, they would cut down on the revenue which is absolutely necessary if we are to meet the debt which they voluntarily and enthusiastically imposed upon us.

The very able gentleman from Tennessee [Mr. COOPER] and the very able gentleman from Louisiana [Mr. BOGGS] said, in effect, "Well, this is comparatively only a few million." And they are right about that, but both seem to have forgotten that old kindergarten jingle, "Little drops of water, little grains of sand," and so forth.

This is another step to increase the national debt, to further unbalance the budget, to add to the tax burden of future generations.

Yes, I am old fashioned. You can call me conservative. You can call me reactionary or whatever else you desire. I am Pensylvania Dutch, and as far as I am concerned I am going along and paying my debts as I make them. I have always hoped that I would live to see the day when the nation would at least try to follow that same policy.

At my age, I shall not, for my own personal financial advantage, pass along either to my grandchildren, my great grandchildren, and so on down the line indefiinitely, a burden which the present generation should pay.

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, this motion should be defeated.

I yield back the balance of my time.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that all Members desiring to do so may extend their remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. RABAUT. Mr. Chairman, recognizing the importance of the issue presently before the forum I wish to speak briefly my personal feelings in the matter.

I am 100 percent in accord with the recommendation for a $20 tax-relief credit against personal incomes for each exemption.

As regards fiscal irresponsibility, which is the tribute paid to this provision in certain circles, I should like to ask the following questions:

Is it fiscal irresponsibility to grant a tax indulgence that includes the 70 percent of our citizenry who were overlooked last year? I think not.

And is it fiscal irresponsibility to inject the purchasing power of the economy with the wherewithal for decreasing bulging inventories on our merchant's shelves? Again I would answer in the negative.

And, lastly, is it fiscal irresponsibility to legislate the wishes of the President who, in his budget message to the Congress, promised the American people:

> I shall recommend a reduction in taxes to spread the relief fairly among all taxpayers.

Does this administration mean what it says to the little fellow? Or are these empty promises—"a dream devoutedly to be wished"?

This provision, I feel certain, will take it out of the dream stage and restore it to the realm of reality where it will do the taxpayer and the economy of this country a great deal of good.

Mr. ALBERT. Mr. Chairman, some serious and unfair charges have been levelled against the Democrats in Congress in the last few days over this tax bill. The President is said to have described our actions as reaching the height of fiscal irresponsibility. The Secretary of the Treasury accuses us of playing politics. Democrats playing politics? Shame on them. Do not the Democrats know that only the Republicans are supposed to be politically minded?

Editorials in some of the great metropolitan newspapers have followed the same line as the President. Perhaps that is because most of these newspapers supported Mr. Eisenhower, the presidential candidate, and now support the "favor-big-business" philosophy of the Eisenhower administration.

The charges against us can be divided generally into two categories: First, that we are playing politics; and second, that we are being fiscally irresponsible.

Now let us see. As for politics, well, it no doubt is good politics to cut taxes, particularly for the man with a small income. That is precisely what we propose to do here. I would be the last to argue that this is bad politics. But let me say this—the coupon clippers got a windfall last year with the blessings of the President of the United States. Now we are going to take care of the little fellow; and if we were of a mind to give political advice to the Republicans, we might suggest they missed a good bet last year when they insisted on giving a tax break to the rich while paying little attention to the bulk of the taxpayers.

But that is not the point I want to make at this time. The point is that the President himself has said he hopes to propose further tax reductions to Congress next year. This plan put forwar l by the Democrats gives substance to the President's hope—it will provide a tax cut as of January 1, 1956, and the biggest chunk of it will go to persons whose incomes are under $5,000 a year. Did you know that 80 percent of all the taxpayers have incomes of less than $5,000 a year?

The truth of the matter is that the big Republican tax bill last year, which you fellows have bragged about so much, gave almost no consideration to small taxpayers. You left that for us. The historic Democratic position on taxes—and all other issues, for that matter—is to take care of the little fellow, the people who are the backbone of our country and who make up the vast majority of our citizens.

Now as to the contention that this $20 tax-credit idea was picked out of the air as a political gimmick—the fact of the matter is that this same idea was advanced in another body last year and was defeated by a very narrow margin. This is no new proposal. It is a renewal of one which many Members argued should have been made a part of the 1954 law. Democratic members of the Committee on Ways and Means proposed an increase in personal exemptions a year ago. The issue was before us then when a Republican-controlled Congress was making the largest tax cuts in history. The Republican Party had its chance then to write a tax bill for the average man. Your failure then is the reason why we are here now.

Yes; I would say there is politics involved here, good politics, in the best Democratic tradition. I hope the Democrats will never forsake this kind of politics, for I believe it to be in the best interests of the vast majority of our people.

Now as to the charge that we are being fiscally irresponsible. I would like to say, in the first place, that as far as we on the Democratic side are aware last year was the first time any administration, Republican or Democratic, ever recommended a tax-reduction program when the budget was out of balance. But the Eisenhower administration, under the guise of tax revision, got congressional approval of a tax-reduction program that lost the Treasury an estimated $1,400,000,000 in fiscal 1955 revenue. What the loss will be in 1956 and succeeding fiscal years no one knows. But we know that it will be considerable. For example, I have been informed that the new depreciation formula for business will cost the Government an estimated $20 billion in revenue in the next 15 years. That would be an average of about $1,300,000,000 a year.

It also must be kept in mind, Mr. Chairman, that the present administration sponsored its bill in a Republican-controlled Congress in a year when the estimated Federal deficit was greater than it is now. Let me give you the figures on that: the deficit for fiscal 1956 is estimated at $2,400,000,000. If this bill becomes law, the deficit will be increased by an estimated $815 million, making the total estimated deficit $3,200,000,000. This would be $1,300,000,000 less than the $4½ billion deficit for fiscal 1955, the year in which the administration saw fit to push its tax reduction program through the Congress.

We heard no outcries last year from the President or the Secretary of Treasury about financial irresponsibility. But now that the Democrats have proposed a tax reduction plan for the small taxpayer, giving him a break he failed to get from the Republicans, we hear all sorts of anguished cries. Is it that the Republicans favor tax relief only for those in the high income brackets? Or is it that they are just unhappy that the Democrats have stolen their thunder?

After all, the President has already served notice that he hopes to see taxes reduced in the election year of 1956. We are willing to go further than to express a pious hope. We propose here to make that hope a reality.

Mr. Chairman, this tax reduction plan is justified, if for no other reason, than on the basis of equality of treatment. If the corporations and the coupon clippers were entitled to the windfall they got from the Republicans last year, then the little man is entitled to the $20 reduction for himself and each of his dependents provided in this bill.

Mr. McDONOUGH. Mr. Chairman, I heard the gentleman from Tennessee, the chairman of the Ways and Means Committee, for whom I have great respect, make the statement a few moments ago that Mr. Truman requested a tax increase in 1948 to wipe out the deficit of $10 billion and that the Congress gave him a tax increase which reduced the deficit by only $5 billion.

He further said that the Eisenhower administration had not asked for an increase in taxes to wipe out the budget deficit.

He did not say that the Eisenhower administration has reduced the deficit by reducing and curtailing expenditures which is much better and sounder Government financing than by increasing taxes, which places the burden upon the people rather than reducing expenditures and cutting out surplus and unnecessary spending.

The gentleman from Tennessee contradicts his own logic and reason when he talks about increasing taxes to reduce the budget deficit and at the same time brings in this bill, H. R. 4259, and urges its approval, which if passed, would increase the deficit by $1 billion, increase the public debt, and depreciate the purchasing value of the dollar.

I do not think the people of the Nation are going to be fooled by such an unsound and fallacious argument and appeal to pass H. R. 4259.

Mr. VANIK. Mr. Chairman, today's debate has been centered on the amendment to provide every taxpayer with a $20 tax credit commencing in 1956. I will support the measure.

The bill does not provide tax relief in the form that I would prefer it. I would rather support a bill to increase exemptions for dependents each year until the exemption allowance for the support and care of dependents would be commensurate with the costs involved.

A bill to increase exemptions would be founded on stronger principles. The present dependency exemption of $600 is a pure bit of fiction. It bears little relationship to the cost of supporting a dependent which is at least 100 percent below what it ought to be. A dependency exemption should be what it purports to be—an effort to allow a taxpayer a fair tax credit for the cost to him of a dependent's support. An exemption based upon any other consideration is unrealistic. To tell the average taxpayer today that a $600 allowance per dependent is a fair exemption is completely unreal. The purpose of the exemption is to place the taxpayer with dependents in a more competitive living position with the taxpayer lacking dependents. The wealth of the land is the people. Today's dependents are tomorrow's creators of goods, services, and enterprises.

The family is the keystone of our system of government and social life. It is only in the interests of justice that purchasing power finds its way to the family and that family units be accorded proper recognition in our tax system.

Over and beyond a proper exemption, a taxpayer should be granted a full exemption for the costs of providing hospital and medical care provided his dependents. A family should not be permitted to fall into despair because one of its members is afflicted with a dreaded and costly disease. Should we permit the high costs of illness and medical care to force one man's family to hopeless indebtedness or depressingly low standard of living? The least that can be done is to provide the taxpaying head of such an unfortunate family with fair medical and health deductions at tax time.

A taxpayer should, in addition, be allowed a full deduction for the tuition and special education costs of his dependents. It is not intended that this deduction should include board and lodging away from home—they are included in the basic exemption—but such a deduction should include laboratory and special tuition fees. In our modern educational system, these charges are steadily rising. The average parent manages to get along satisfactorily enough until his dependents commence higher education—at which point the family budget is completely undermined by the costs of education. Education for the members of his family may provide a taxpayer with some personal satisfactions—but the educational investment which he makes in a member of his family is made for all America. The benefits of education for dependents are harvested in their higher wage and income level. Everyone is benefited by the increased productivity and usefulness of an educated citizen. The taxpayer who brings about these fruitful conditions by the educational advantages which he provides for his dependents is at least entitled to a deduction for the tuition costs of the education which he has provided his dependents.

A family-tax program must, therefore, provide adequate incentives to privilege family life. Responsible family heads who assume their proper obligation of providing the necessities of life for their dependents by way of support, medical care, and education, are rendering a social service to their families which the community would have to assume if the family heads were not available for this task. It is only reasonable, therefore, that the present unbalance in tax contribution be adjusted in favor of the family taxpayer.

Exemptions must be raised to become increasingly more commensurate with

the cost of supporting dependents; full deductions must be allowed for the rising costs of medical, and hospitalization care and full deductions must be allowed for the reasonable costs of education. It is only in this way that we can effectively say as a nation that we believe in the family and family life as the most vital part of our democracy.

The $20 tax credit for each taxpayer is only a step in the right direction.

Mr. FINO. Mr. Chairman, I am unequivocally in favor of this bill and will support it.

This legislation, in addition to extending for another year the existing corporate tax and certain excise-tax rates, also provides a $20 credit against the individual income tax for each personal exemption.

The primary beneficiary of this general tax deduction is the little fellow, the low income-wage earner who needs tax relief.

As I see it, there is nothing political or irresponsible in voting for this remedial legislation. This additional tax deduction will give the American taxpayer more pocket money to spend. It will give him relief from the financial straits he finds himself in by reason of the high cost of living.

Last year, I urged the Congress to give the American taxpayer, more particularly the low-income group, some sorely needed tax relief. However, we were not much help to him.

To say that the 10-percent tax reduction, which went into effect January 1, 1954, gave the little fellow tax relief, is not correct. Because on the same date, the social-security tax increased from 1½ percent to 2 percent. The effect of this rise in our social-security tax meant a reduction in the pay checks of millions of workers in the low-income bracket even after the 10 percent income-tax relief.

To say further that the little fellow received tax relief in our excise-tax reduction bill passed last session also is incorrect. The only way he would gain the benefit of that so-called tax relief was to spend money. If he could afford to buy his wife a new fur coat or a diamond ring, or take her on a trip, then he would receive that tax benefit. But how many of these little fellows could afford to buy a fur coat, or jewelry, or even take a trip? I am sure a very insignificant number.

To say that the taxpayer received additional tax benefits by providing added dividend exemptions is also incorrect, because 90 percent of the people in my district did not benefit by this legislation.

I do not propose to be an economist or a tax expert, but our tax analysts have often said tax cuts are always followed by increased spending which, in turn, increases revenue. While it is true that this $20-tax reduction will cut Government revenue, it is also true that it will increase consumer spending. Business will be stimulated to produce more, and to employ more people. Experience shows that Canada, Australia, and other countries that have cut taxes have discovered that their Government receipts have risen.

It is about time we became realistic in our approach to the American taxpayer and in his desire to get out of the tight squeeze in which he now finds himself.

This is a just and equitable bill and deserves full support.

Mr. VURSELL. Mr. Chairman, after reducing budget expenses in the first year of the Eisenhower administration by about $14 billion, we continued the high excess-profit tax on big corporations, to bring in over a billion dollars a year, and we continued the general tax on corporations at 52 percent, from 1953 to 1954, to bring in more billions, and continued the excise tax for another year.

We drastically began cutting expenses and continued to build up the Federal Treasury, in the hope that we could give a tax reduction to the people for the entire calendar year of 1954.

In the transition from a hot war to a temporary peace, which greatly reduced our expenditures for war, a slight depression started in 1953, and there were dire predictions that we were headed into a dangerous depression.

The President and the Congress wisely decided that we would give the people a tax reduction for the entire calendar year of 1954, in order to keep our people employed and in an effort to stop the recession and get started on the road upward in the expansion of business, keeping our people employed as fully as possible.

We did give the people the biggest tax reduction in history—$7.4 billion. We felt that if we would allow them to keep for themselves $7.4 billion that they would spend the greater part of it in buying things that would stop the downward unemployment trend, keep more people employed, and avert a depression.

This we did, and this was responsible in beating the depression that threatened, and we started the country forward to expansion and greater prosperity. We did all of this, and reduced the deficit to the low mark of a little over $3 billion. In that same session, we continued to reduce governmental expenses, and at the same time, because of the threat of war, we continued to build up the defense of our country to where it is stronger today, in peacetime, than ever before.

After rendering this great service to 150 million people we find that in computing the budget expenses that we will have to meet for the latter part of this year and the first half of next year, that we will still not be able to completely wipe out the deficit, and it is predicted the deficit will be a little over $2 billion at the close of the coming fiscal year, ending June 30, 1956.

DIVISIONS OF BENEFITS

We gave the small income-tax payers two-thirds, or 66⅔ percent, of the $7.4 billion tax reduction.

We gave about one-third of that reduction to small business in order to encourage it to expand, and a very small part of that reduction to big business.

It has been our hope and our purpose, if we can hold down Government expenses sufficiently, to again give the people a small tax reduction beginning on January 1, 1956. We cannot be sure that such a tax reduction will be given, because we cannot be sure that war conditions will be such that we may have to spend more money than now anticipated, if we are still in great threat of war from Russia.

A GREAT RECORD

There never has been so much relief given to the ordinary and small-tax payer, and to all taxpayers before in the history of this Nation as the Eisenhower Administration has given them in 2 short years.

If the Congress, even though it has a slight Democrat majority, will cooperate with the President and this present administration, we can continue our present prosperity and by such continuance, the people will have the greatest assurance not only for jobs for our 60 million wage earners, but for the earliest tax reduction in the future.

POLITICAL EXPEDIENCY

Now, in the face of this record of accomplishment for all of our people, we are today faced with the Democrat leadership having introduced the bill we have before us for consideration, which is a threat to the financial solvency of our Government, which, if passed, will start inflation again, that will take billions of dollars away from all of our people and start down the purchasing power of the dollar that had been stabilized. With all of our accomplishments in the interest of the people, we have stopped the high cost of living, and for the past number of months it has been going down. As it has slowly gone down, the purchasing power of the dollar has raised a like amount.

Speaker RAYBURN and the majority leader brought this tax bill to the floor of this House, which promises to give every income taxpayer a reduction of $20 for himself and each of his dependents, without any hearings being held at all before the Ways and Means Committee. When you compare this with the months of hearings held on the tax bill last year before the Ways and Means Committee, you can understand what a dangerous political expediency move is being made by the Democrat leaders.

They are asking this Congress to pass this legislation before we know how much it is going to take to run this Government for the coming year. Nothing like this has ever happened in the history of this Congress, or this Government up to the present time.

Conditions may arise between now and next January that will force this Congress to increase the expenses and to increase the deficit that is now already in sight. If this bill is passed, it will increase the deficit immediately by $2,400,000,000. This, added to the deficit of over $2 billion that it appears we will have, could well run the deficit to $5 billion of money that we do not have in the United States Treasury. This will start the spiral of inflation again, and could cost the people that this bill is supposed to help, and the taxpayers generally, twice as many billions of dollars through inflation alone.

FINANCIAL IRRESPONSIBILITY

This is why President Eisenhower said, in substance, that such a movement demonstrates fiscal irresponsibility on the part of those who are trying to put this legislation through.

It is apparent that those who have cooked up this dangerous proposal have their eye on only one thing—that is political advantage they hope it will bring to them in the campaign in 1956. They say they want to help the little fellow, who we gave a benefit in the last tax bill of a 66⅔-percent reduction.

They do not tell the wage earners and all of the people that if this legislation is passed, it will increase the cost of living through inflation, and hurt the little fellow and everyone. They do not tell the wage earners that this will bring about a condition that will make less jobs for the little fellow.

The little taxpayers, that they are talking about, are more interested in the well-paying jobs that they now have, yes, they are more interested in keeping and holding these jobs than they are in receiving a $20 tax exemption that amounts to about 37 and one-half cents a week.

WHY DO IT NOW

The administration in power has demonstrated that it will reduce taxes just as often as the financial strength of the Nation will permit. We reduced taxes when we were in power in the 80th Republican Congress, and we have done it again in the second year of the Eisenhower Republican administration.

The Democrat leaders who were in power nearly 20 years preceding, constantly raised taxes, and never reduced them, yet they have suddenly become tax conscious, looking to the election in 1956.

They propose to put this tax bill through now rather than to wait until next January to see whether or not a tax reduction can be justified in the interest of all of the people.

The President and we in this Congress are just as strongly committed and interested in giving the people a tax reduction in the next session of Congress if, in fact, we are justified in doing so. They want to impress the small-tax payers and particularly the wage earners that they are so much interested in a tax reduction bill for 1956 that they want to pass it now, nearly a year ahead and let it become operative in 1956.

In other words, President Eisenhower and the Republican Congress have managed this country so well that we have beat off a depression, business is expanding, prosperity is here in 1955, and, we hope, will be greater in 1956; and, of course, it is our intention to reduce taxes, if we can, when we learn what our financial situation is next January.

The Democrat leadership wants to make political propaganda out of jumping the gun and writing the tax bill now, without holding any hearings, which would go into effect next January 1, regardless of what conditions then exist, and regardless of whether or not such a tax bill would touch off a spiral of inflation that might help to wreck this country financially.

If this is not the height of financial irresponsibility, if this does not prove that this whole proposal is based on the cheapest sort of political advantage, then I do not know how it could be proven to the American people.

SUPPORTING THE PRESIDENT

They talk about supporting the President. The President has declared that his entire fiscal policy is based largely upon the policies written into the tax bill in the last session of Congress. He has well pointed out the danger of this legislation. Now, when the chips are down, after all their talk in the last campaign that it was safe for the people to elect a Democrat Congress, that they would support the President, they are now in the first big test—voting for legislation that will wreck the President's and the administration's efforts to keep this country sound financially; keep all of our people employed; keep the Armed Forces of this country sufficiently strong to deter any other nation starting a war with us.

I hope that the Members of this Congress on both sides of the House will put the interest of their country first, and that they will not be swerved from that position because of any political benefit that they think might come to them by passing such a dangerous bill as the one that is before us.

Our first line of defense, our freedom ultimately, and the well-being of all of our people is dependent upon the financial solvency of this Government. We must not endanger it by approving this unreasonable and unjustifiable legislation.

Mr. LONG. Mr. Chairman, I received a letter this morning from Mr. George K. Kloor—a veteran of World War I—2414 Alma Street of Alexandria, La., in my district, and asked that I place this in the RECORD:

DEAR CONGRESSMAN:

I am sending this note to advise you
That taxes have taken away
The things I find most essential—
My reindeer, my workshop, my sleigh;
Now I make my rounds on a donkey,
He's old and crippled and slow;
So you will know if you don't see me Christmas,
I'm out on my ass in the snow.

SANTA CLAUS.

Mr. BROYHILL. Mr. Chairman, I am indeed gratified that 9 of the 10 Members from the Virginia delegation will today stand and be counted against fiscal irresponsibility. Eight Members of this delegation, as you know, are affiliated with the Democratic Party. By their opposition to their party's leadership they are convincingly demonstrating that they refuse to play politics at the expense of the Nation's financial stability.

This is statesmanship of the highest order and the great Commonwealth of Virginia has just reason for pride. I am certain that the people who populate the Old Dominion will applaud this forthright and courageous action.

Mr. Chairman, the proposal we are considering this afternoon is patently political. It seems to me to be a deliberate attempt to purchase votes at $20 per vote. It is an irresponsible proposal that completely disregards the fiscal state of these United States. We have in the Executive Mansion today a man who is dedicated to balancing the national budget, ending inflation and providing stability for the consumer's dollar. These achievements will benefit all Americans in all income groups. The $20 sop to the voter will, if enacted by the Congress, prevent the attainment of these objectives. It will cost in lost revenue nearly $3 billion. Thus the country will be shoved $3 billion more on the deficit side of the ledger.

But there is another major objection. This reckless proposal would remove nearly 5 million people from the tax rolls. They would be relieved of paying any income tax at all. I am not one to believe that Americans in any income level are willing to shirk their responsibility of citizenship by escaping income taxes. Good Americans, regardless of how much they earn, want a part according to their ability to pay in helping their country to become strong economically and militarily in these times of grave peril. To conclude otherwise is to brand them as selfish individuals who place their own self-interest above the interest of their country. No. Mr. Chairman, I do not believe they are that selfish. I do not believe that they can be bought by a political maneuver which saves each of them only about 37 cents a week.

There is another aspect to this reckless income-tax reduction proposal. It is an aspect that the leaders on the opposite side of the aisle have kept completely quiet about. They harp on what they loosely call Republican favoritism to so-called big business. The last tax reduction—that is, the revision of the Internal Revenue Code last year—they say, was a rich man's tax measure. Of course, that is pure poppycock parroted around for political purposes.

But let us see what they are doing for big business in this measures before us today. If they are successful, they will undoubtedly kill the extension of the corporate tax at its present rate. This will come about because they know that President Eisenhower will be forced to veto their political tax scheme to prevent the loss of $3 billion. This means that the higher corporate tax rate will go too. Now, Mr. Speaker, every big business corporation in the country wants a lower corporate tax. So if the Democratic Party leaders pass this measure, knowing full well that the President will affix a veto, they will be giving big business a tremendous tax cut and it will not be the little $20 tax sop dangled before the eyes of those in the lower income brackets. It will be a big-business bonanza. And yet we hear those of the Democratic leadership speak in tearful language about the plight of the low-wage earner and about Republican tax cuts favoring big business. Whom do they think they are kidding?

Mr. Chairman, the American people are no fools, and I think they will bitterly resent the suggestion contained in this bill that they are being favored by the party which proclaims itself the champion of the little man. They know that they are being offered a pig in a

poke and they know that pig has big letters on it that spell "political." When you try to deceive them you only succeed in deceiving yourself. Make no mistake about it.

Again, let me say that the position of the Virginia delegation is a position that justifies the confidence its constituents have placed in it. My only regret is that the vote of the members of this delegation is not 10 instead of 9 against this reduction.

Mr. PHILBIN. Mr. Chairman, this bill provides for a 1-year extension of the existing corporate normal tax rate and of certain existing excise tax rates and, in addition, to provide a $20 credit against the individual income tax for each personal exemption.

In the first place, it should be noted that it was the hope of many in this Congress that economic conditions this year, as well as budgetary requirements of the Government, would make it possible for us to dispense with and discontinue many onerous excise taxes essentially wartime or emergency in character, and thus extend a substantial modicum of long-overdue relief to many basic industries and businesses and to the American people as a whole.

It is distressing, but nevertheless a very accurate observation, that emergency taxes levied in the first instance to meet greatly augmented needs of war, defense, or related objects, tend to perpetuate themselves. During the past few years we have had striking illustrations of taxes of this type which were enacted on what was believed to be and intended to be a temporary emergency basis, being extended into periods of the national life which, while not normal by any means, are not emergent.

This has unfortunately been the case with heavy corporation and excise taxes, the first of which diverts seed capital from constructive business channels to the Government, and the second of which continues costly and vexatious levies, not only upon business, but upon practically every class of the people. It is particularly unfortunate that these levies bear down most unfavorably and ofttimes oppressively upon those business groups and individuals less capable of sustaining them. A stern impact, for example, is visited upon small-business men, who because of the existing tax structure, are in all too many cases unable to plow back into their going concerns, legitimate profits and surpluses that are so essential to their growth, continued health, and prosperity. In a similar way, workers, householders, and individuals in every segment of American life have inflicted upon them continuing, inequitable, and most oppressive excise tax exactions.

It has been my sincere and studied belief that many of these taxes have not only been ill-advised but dangerous. They have constricted initiative. They have impeded enterprise. They have reduced revenues. They have diminished the incentives which lie at the very bottom of our great economic system and which indeed are vital to its success, well-being and vigor. Once that we lose by taxation, or in any other way, that dynamic quality of incentive which prompts men and women to utilize their talents and exert their best energies for the establishment and advancement of their own business, we shall have lost one of the most precious attributes of our American way of life, because it is upon the free, independent activity, the zeal to get ahead, the legitimate ambitions and aspirations of our fellow citizens that this Nation must depend to sustain and develop our economic institutions and to furnish the driving force, which alone can produce, that dynamic forward surge so necessary to the health of our econmic system, the prosperity, employment and happiness of our people.

I regret that the administration has not selected the other choices available by which many of these excise taxes could be relieved or even completely elminated. They are unwholesome, unhealthy and restrictive in their effect upon the industrial and business activity of the Nation as well as upon the standards of living of millions of Americans.

I recognize, however, that in this dangerous world our Government is burdened with huge necessary expenses of recurrent and apparently indefinite nature which probably will make it very difficult for us to achieve that most desirable goal of immediately balancing the budget. Taxes may be disagreeable and even obnoxious, but for the common good and for the defense of the Nation, we will have to endure them, however unpalatable and disagreeable.

On the other hand, our current critical situation in the world and the continued vast expenditures we are facing make it all the more important that we should impose all taxes upon a rationalized, workable plan, and secondly, upon the basis of ability to pay and equitable treatment of every class and group in the American body politic. I am not convinced that either of these desirable aims have been served by recent tax policy or by this bill. I propose to support it.

This $20 credit section of the bill moves toward a laudable objective in that it endeavors to lighten certain burdens on lower income groups which were overlooked and unconsidered in last year's tax bills. Members of the House will recall what happened when those measures were pending here. Substantial relief was given to recipients of dividends and other income, and I have no complaint about that because I am anxious as anyone to preserve our marvelous system of private capital investment. But I felt that if this relief was being given to a class which perhaps needed it less, that some coordinate relief should have been extended to the lower income groups that needed it more. As we all know, for a variety of reasons, this was not done.

Now this House is given a limited opportunity provided by this measure to some extent at least to equalize this palpably discriminatory situation. I am not at all satisfied that the measure is as well thought out as it should be, or that it fits into the tax machinery as efficiently as it should. Notwithstanding this, it provides some measure of overdue relief for those in the lower levels of the American economic scale which by every rule of reason, logic, and equity should have been extended in last year's tax bill. I should like to have seen a more efficient integration of proposals for the relief of this group and other groups—an appropriate integration, so to speak, of tax relief that could be well extended to many citizens who are entitled to receive it. But we are facing the issue and while the choice is limited, I believe, that on the whole the measure seeks to promote the equitable balancing of some of these taxes in favor of those who need and should have the consideration of this Congress.

Let me stress as others have done during the debate that the bill is not applicable to this year's taxes but will go into effect in 1956. In the interim, if the status of the budget and world conditions, our revenue position and other factors are favorable, it may be possible next year for the Congress to consider and adopt broader measures which will entail a larger measure of relief to all our taxpayers. I sincerely hope that this will be the case and that at an early date the Government and the Congress will be in a position to lift a great many of the existing heavy tax burdens from business and all of our people and thus strengthen the economic and social fabric of America.

It is unfortunate that political considerations should creep into the debate. Tax measures are an area where definite principles of taxation, of justice, of equity, and of social science should dominate our consideration. Tax measures should never be predicated upon political factors alone, but I suppose it would be unrealistic for any of us to expect that in a great democracy like ours we should ever be able to achieve that degree of perfected detachment that would permit us to settle these great questions in a legislative body without the intervention of political questions. And perhaps that fact is not only a great tribute we can pay to democratic institutions, but also a satisfying assurance that our peerless democracy is functioning.

Mr. CRAMER. Mr. Chairman, being impressed by the great importance to the people of my district of Florida of this proposed cut in taxes, I took the question directly to them. My St. Petersburg district office, through volunteer workers, polled, by telephone, several hundred constituents throughout the four counties I represent. I have here the result of that telephone poll which has been reported to me, and it is as follows:

Seventy-seven and sixty-three one-hundredths percent contacted in four counties were against this tax reduction.

Fifteen and six one-hundredths percent were in favor of the reduction.

Seven and thirty-one one-hundredths percent expressed no interest and no opinion.

Of those favoring defeat of the tax cut at least 60 to 70 percent expressed the opinion: "The proposal is pure politics."

I am happy to ask the extension of these remarks and their inclusion in the RECORD, as well as the three editorials pertinent to this problem and opposing the tax cuts as presented on a basis of

poor economy. I include the following editorials:

[From the St. Petersburg (Fla.) Independent of February 22, 1955]

TAX CUTS ARE FINE BUT—

Everyone likes the idea of less taxes.

Particularly the politicians when a Presidential election year is approaching.

It is not surprising then that Democratic Members of the House of Representatives have proposed a tax reduction bill that would give a dab of extra cash to almost everyone.

The Democratic proposal calls for a tax credit of $20 for each taxpayer and his dependents. Thus, a man, his wife and one child would pay $60 less in income taxes beginning next January if the Democratic proposal is pushed through Congress.

In many instances this would relieve families from paying any income taxes, which would be a happy state of affairs for them. This would include those in the lowest income brackets. It wouldn't, however, be a terrific bonanza for the average person who now pays several hundred dollars in annual income taxes.

But the Democrats are going on the theory that every little bit helps, and are banking on the idea that millions of appreciative taxpayers will return the favor with votes, come next November.

We, of course, do not object to paying a smaller income tax bill. Contrariwise, we love the idea.

But it strikes us that if those who are plumping for tax reductions were equally zealous in their attempts to reduce Government spending, all concerned would be better off.

For a reduction in income taxes now without an accompanying reduction in Government spending simply means that this generation is living on the earnings of future generations. In other words, what the Government would lose in revenues as a result of the tax cut would be added to the public debt which future generations must pay. That is, of course, unless the Federal debt is repudiated eventually, all wealth and savings wiped out, and we start from scratch again.

The tax reduction proposed by the Democrats would cost the Government approximately $1,500,000,000 a year in lost revenues. That means that instead of going into the red at the rate of about $3 billion a year as we are now, we'd hit a level of about $4,500,000,000.

Obviously we are in a ridiculous situation. We are enjoying an era of the highest prosperity we have ever known. Although we are in a touch-and-go situation in the so-called "cold war," we're still at peace. Yet in spite of our high prosperity and the fact that we are not in the emergency of a shooting war, we just don't seem to be able to match Federal expenditures with Federal income—to say nothing of paying anything on the gargantuan public debt we accumulated during World War II and the subsequent Korean fiasco.

Instead of bringing our books into balance and attempting some token payment toward that old debt, we talk about reducing taxes without cutting expenditures, thus mortgaging the futures of generations to come.

How long would your own family endure economically if you attempted to operate your finances on the same principle? How long would your creditors let you go if you consistently spent beyond your income and never attempted to make even a token payment against your debts, and, instead, simply borrowed more money to stay off your more pressing creditors?

You'd soon be in bankruptcy, wouldn't you? And your credit rating would be nil.

Yet this is exactly what we are attempting to do on a national scale. We are kidding ourselves that we can delay the day of reckoning forever.

We talk about cutting income taxes. The politicians think it's a fine idea. It will make everyone happy and win votes.

But does anyone suggest that it would be wise to cut expenditures first, balance the budget and begin payment on the national debt?

Perish the thought. Don't even whisper such an idea. Or you'll be labeled a "reactionary," an "isolationist," and a "tool of Wall Street."

[From the Tampa (Fla.) Times of February 24, 1955]

TAX CUT SHARP POLITICS, BUT POOR ECONOMICS

The ability of Congressmen to talk of giving themselves a $10,000-a-year raise and, at the same time, consider cutting taxes $20 a person is a prime example of the doubletalk in Government finances that has plunged this Nation so deeply into debt.

It has been estimated that this proposed reduction would amount to more than $2 billion a year. Where, then, would the funds come from to raise congressional salaries and provide for the many Federal spending programs? The only answer is more borrowing and a deeper Federal debt.

Secretary of the Treasury Humphrey is leading the opposition to the tax cut with a protest that Democratic sponsors of the measure are abandoning "responsible financial management of the Federal Government" and he has accused them of "playing fast and loose with the welfare of 160 million Americans."

The Secretary's attitude is understandable. The $2-billion-plus cut literally pulls the rug out from under planning for sensible management on Federal finances. The tax cut is being rushed through 10 months before it would become effective, complains the Secretary, and when no one knows what conditions may be at that future time. In short, the Nation could become entangled in a military operation in the Far East and be hamstrung because of inadequate appropriations to finance such a venture.

Another ugly fact from the Secretary's viewpoint is, that it is tacked on to an Administration proposal for extension of the corporation tax rate and certain excise taxes which otherwise would be reduced. Should the President veto the income-tax cut, he would automatically kill the bill extending present corporation and excise taxes. If all of these tax cuts go through, the Treasury Department will, indeed, be faced with a heavy deficit and a limit will be imposed on Administrative planning.

There is still hope that, if the House is determined to pass this measure, it will be defeated in the Senate where Senator BYRD of Virginia, has already announced his opposition.

It is not at all unusual to see politicians acting like politicians, but the public must realize that this tax cut's Democratic proposers are not unmindful that it could give them a popular issue for the election next year.

There are few persons who would not enjoy a $20 income-tax reduction. There are also few who would not appreciate the almost 67 percent salary hike Congressmen seem determined to vote themselves, but responsible citizens realize that Government economics goes much deeper than wishful thinking.

This Nation has pressing obligations, both at home and abroad. Its earning capacity is at an all-time high. Surely, it is the wisest course to hold taxes at the present level and attempt to reduce unnecessary spending in an effort to bring the Federal budget into balance.

Any other course is dangerous experimenting in deficit financing. It is impossible to increase spending and reduce income further without inviting financial chaos.

[From the St. Petersburg (Fla.) Times of February 22, 1955]

TWENTY-DOLLAR TAX CUT?

House Democrats are watching the 1956 Presidential election so closely they cannot see the list in the Federal budget.

The Democrats want to reduce personal income taxes by $20 for each taxpayer and each dependent beginning next year.

If approved, it would cost the Federal Government an estimated $1.5 billion in revenue—at a time when the budget already shows a deficit and defense expenditures might have to be increased.

The reason for the move is clear. President Eisenhower, in his economic report of last month, held out hope for a general tax cut in 1956. Democrats want to show that they, and not the Republicans, can reduce taxes for voters.

But it is unfortunate, partisan politics. It should be recognized as such and rejected by realistic Members of Congress.

Mr. WIDNALL. Mr. Chairman, who has the wisdom or ability to truly characterize the sincerity of insincerity of any Member of this House? Who knows the spirit or pressure that motivates the decision of any other Member in his voting?

This much we all know and it is indisputable with facts.

A proposal is now being made to reduce by a fraction the personal income tax. We are asked to support an amendment offered to this House without benefit of any hearings within committee and on an overnight impulse of the majority members of the Ways and Means Committee. Why such haste for a provision to become effective in 1956?

In the years of my own legislative experience it has always been my understanding that the needs of government must first be screened so that a balanced budget can be achieved, if possible.

Mr. Speaker, not an appropriation bill has been reported to this House. We have no full view of the fiscal picture for the approaching year. It is most irresponsible to vote the proposed tax reduction without any facts to guide us.

The Democratic majority has pending within its controlled committees spending proposals that would further unbalance the budget and cause much greater deficits. The present administration has made heroic efforts to achieve a stabilized economy, a balanced budget and to encourage the even flow of business in a peacetime economy. The splendid record of the 83d Congress fully discloses the excellent program enacted into law. A sound dollar has been achieved.

Are we to throw all these gains out the window and for what appears to be a partisan political purposes vote encouragement to further inflation and a loss of purchasing power to the American people?

Can any measure be termed other than an outright political bid to purchase votes, when it is based on no study, no hearings, no recognition of fiscal obligations and pointedly not for this year, but for 1956?

Who now can determine what conditions our country will face in 1956? We may have an even greater measure of prosperity or we may be in the midst of a worldwide holocaust.

As a Representative keenly feeling his responsibility to the people I cannot support the $20 reduction amendment. A measure of this kind should not be determined in a bid for partisan political advantage. It should be decided on the merits—based on the appropriations required to run our Government and a full review of our fiscal position.

The New York Herald Tribune on its editorial page said today:

THE TEST ON TAXES

If ever there was a plain case of playing politics, it is the Democrats' effort to put through a $20 tax reduction for each person. The House votes today on this mischievous measure. Every Congressman is challenged to stand fast for good sense and for principle.

Let it be admitted that the Democratic leaders in the Congress have acted with enlightenment on such issues as trade and foreign policy. This gives them no license to go hog-wild on domestic matters. Taxes are the raw materials of political emotions, and the opposition evidently feels that here it has an opportunity to strike blows against the administration.

It is an old-fashioned partisan maneuver which would look pretty shoddy at any time and is deplorable in today's circumstances.

What would this cut mean? It would mean a loss in revenues of something over $2 billion a year, and it would remove an estimated 5 million persons from the tax roles. It would do these things when the people are summoned to steady efforts and to a common awareness in carrying forward the burdens of defense and leadership in the cold war.

President Eisenhower has scarcely ever appeared more deeply moved and more persuasive than when he appealed at Wednesday's press conference for a defeat of this measure. He would not be driven into the position of saying that no tax cuts are justified until the budget is balanced, or saying that a balanced budget is not now within sight. But he insisted with vigor that reductions must be made with system, with an eye upon the dangers of inflation, and with constant concern for the national welfare.

The President made his case before the newspapermen, and it was carried by TV across the Nation. It must be supposed that this is one of those instances where the people have more sense than the politicians who seek to flatter and seduce them.

They will not be taken in by so flagrant a trick. All who stand with the President when the vote is taken today will be doing not only the thing that conscience dictates but what in the long run must win for them the only kind of popularity that is worth having.

Mr. Chairman, in the best interests of all the American people the ill-advised $20 reduction amendment should be defeated.

Mr. SCHENCK. Mr. Chairman, H. R. 4259 presents some very vital challenges. On one hand is the sincere and honest desire of everyone for a proper reduction in taxes. On the other hand, however, is the very compelling need to have a strong, proper, responsible fiscal policy for our Federal Government.

During the 83d Congress I supported the reduction in taxes recommended by the House Committee on Ways and Means. I feel that the action taken then can be very well justified on the record made by the 83d Congress and the administration in the increased efficiency in the executive branch of the Government and the consequent reduction of the expenditures of our Federal Government. Also, all economic indexes were very favorable for continued prosperity and the fears expressed for a recession as the result of our transition from a wartime economy to a peacetime economy following the close of the Korean war did not materialize. The action which was approved was amply justified and there was every reasonable expectancy of a balanced budget.

Conditions, however, have changed. Situations in the Far East have changed and at the request of the President for authority to use the Armed Forces in the Formosa area was approved by an overwhelming majority in both Houses of Congress. The continuing need for large defense expenditures of about two-thirds of the total requested budget shows conclusively that any substantial reductions in the budget must come from these defense expenditures. The House Committee on Appropriations is now holding hearings daily in an effort to determine how and where expenditures can be reduced. This committee has not yet brought in any budget recommendations and until this is done and acted upon by Congress, there will be no certain knowledge as to what the expenditures will be for the fiscal year beginning July 1, 1955.

If we continue to spend more than we can receive in taxes and, therefore, have another deficit, we must borrow money to meet this deficit. Who will eventually be called upon to pay this deficit? This will fall upon the grandchildren of the present generation and our grandchildren's grandchildren.

I am just as eager as any Member of Congress can be to reduce taxes and to reduce them especially for the lower-income groups. This, however, is not now the time to vote decreases. Congress should wait and see what the conditions are later, both as to worldwide conditions and economic conditions in our own Nation. Therefore, I feel compelled to vote for the Reed amendment to strike from this bill the provisions for a $20 reduction in the taxes of individuals. I feel also that the matter can be properly considered either later this year or next year and that the decision at that time must be based on conditions prevailing at that time and likely to prevail in the future.

The Dayton Daily News has long been recognized as one of the very important forces in the expression and molding of public opinion in the 3d District of Ohio. This great newspaper is owned by the Honorable James M. Cox, a three-term Governor of the State of Ohio. Mr. Cox not only served with great distinction as a three-time Democrat Governor of Ohio, and a former Member of Congress from the 3d District of Ohio, but he was also the Democrat candidate for the President of the United States in 1920 while Franklin Delano Roosevelt was his running mate for the Vice Presidency. The Dayton Daily News on February 23, 1955, carried an editorial on the subject discussed herein and under the unanimous agreement obtained in the House, I make it a part of my comments:

LOW-LEVEL POLITICS

The action of House Democrats in rushing toward passage of a $20 decrease in personal income taxes represents politics on its basest level. It is an attempt to purchase votes for dollars.

The fact that Republicans have promised the electorate similar bribery next year is no justification for Democratic irresponsibility now. Neither are similar Republican transgressions in the past.

Fortunately, there is reason to believe that the Democratic majority in the Senate will face up to its obligation for orderly Government and toss the tax cuts into the ash can. If so, those guilty of the current exhibition in the House will have accomplished nothing except to expose their irresponsibility.

Mr. DONOHUE. Mr. Chairman, I intend to support this measure providing a $20 credit against the individual income tax for each personal exemption because, in my conscientious judgment, its objective not only is designed to advance the national economy as a whole, but indeed, it is directly in line with the sentiments expounded by the President himself in his recent budget message, when he stated:

I hope that tax reductions will be so justified next year. If so, I shall recommend a reduction in taxes to spread the relief fairly among all taxpayers in a way which will be the most effective to relieve individual tax burdens and to increase incentive for effort and investment.

The $20 tax credit will extend to the taxpayers the President mentions the relief which he said he hoped and planned to give them. At the same time, this relief will expand private spending and tend to offset the depression in our economy of contracting Government expenditures.

It is my very deep belief that this tax credit for individual income taxpayers in general, and very particularly for our low-income taxpayers, is urgently needed now to sustain an expanding economy. I supported the tax legislation enacted in the last Congress mainly because it contained the first major revision in over 50 years for improving our antiquated tax system. However, I felt then, as now, the specific provisions of that legislation did not extend fair and just tax consideration to those working people and their families within our lowest income brackets. This present measure before us contains provision for the correction of that past deficiency because it benefits all taxpayers and is distributed to every taxpayer evenly on a dollar basis with respect to each personal exemption.

As I said here when the last tax bill was being discussed, it is axiomatic that to have expanding production, we must have increasing consumption. It is a matter of statistical proof that the individuals in our lower income brackets, from $5,000 down, and this group of individuals embraces the great majority of our taxpayers, are the ones who must spend practically every cent of their income in order to live. It is, therefore, only elemental logic to realize that savings and credits among these individuals are almost immediately thrown into the country's purchasing power, which, in

turn, naturally increases the demand for consumer goods resulting in the greater production for the continuing employment we all patriotically desire to achieve.

I submit, therefore, that this manner and method of providing some needed tax relief for our overburdened American citizens will inevitably have a sustaining effect upon the national economy. On that fundamental ground, I earnestly hope you will all give this measure your sympathetic consideration and, in doing so, may I say again, you will be acting in accord with the Chief Executive's own admonition to the Congress to legislate for the good of all Americans.

Mr. McDOWELL. Mr. Chairman, the hue and cry of the Eisenhower administration condemning the $20 tax credit as proposed by the Ways and Means Committee of the House of Representatives and their accusation of fiscal irresponsibility reflects the President's capitulation to big business and the high-income taxpayers. He opposes the Democratic proposal because he does not want "to lead the country into greater deficit spending." Does he forget that it was the Republican tax cut in 1954 of $7.4 billion that caused the present deficit, as evidenced by his own words:

> The budget would have been balanced for the current fiscal year if there had been no tax cuts. (Eisenhower's budget message, 1955.)

Last year the President forecast a deficit of two and nine-tenths billions for the fiscal year 1955, and in spite of this deficit, approved tax cuts of seven and four-tenths billions. Tax cuts that benefited, for the most part, the large corporations and high-income taxpayers. This year the President forecast a deficit of two and four-tenths billions for fiscal 1956, yet protests the Democratic proposal of a $20 tax credit to the small-income taxpayer, which would amount to two billions, only half of which would be reflected in the fiscal year ending June 30, 1956, inasmuch as the proposed tax credit would be effective January 1, 1956. In other words, it was all right for the Republicans to give most of the seven and four-tenths billions to the wealthy in 1956 resulting in a deficit, but the present Democratic proposal to give a $2-billion tax cut in 1956 to the taxpayer earning $5,000 a year or less is all wrong.

President Eisenhower stated in his January 1955 budget message:

> I hope that tax reduction will be justified next year.

The present proposal is only carrying out the President's promise. Republicans say that the present tax cut will render our economy an irreparable harm. If the 1954 reduction was designed to stimulate the economy of our Nation, why should not the Democratic proposal do the same, keeping in mind the administration's promised cut in 1956. The administration during the campaign of 1954 and now is constantly reminding us that we have changed from a wartime economy to a peacetime economy. It would seem proper under these conditions to continually expect the costs of Government to decline and that tax benefits might be passed on to the people. If this was not an act of irresponsibility in 1954, why would it be considered so in 1956.

It would seem that the only sound argument now being presented against the tax cut for the little man is opposition for the sake of opposition. Democratic concern for the welfare and well-being of all the people is traditional and a matter of long record, and I think this, more than anything else, is causing the irritation to the President and his party.

Mr. Eisenhower has, by his own choosing, entered into the arena as a political candidate for election in 1956. He further, by his own actions in recent weeks, assumed the active leadership of the Republican Party by word and deed. In the elections of 1954, the American people voted the Democrats into control of the Congress. They, therefore, now share a dual responsibility with the President to decide what is best for the country on all constitutional levels. Appropriating money and establishing tax rates are the sole responsibility of the Congress. In accepting that responsibility, the Democrats do so in full knowledge that they are the only hope of the little men to obtain a tax break just as the Republicans know they must represent the wealthy taxpayer if they are to fulfill their traditional responsibility as exemplified by the past history of their party.

Mr. LAIRD. Mr. Chairman, I have given a great deal of consideration to important rollcall votes which are expected this afternoon.

President Eisenhower submitted a budget to this Congress for fiscal year 1956 which is out of balance in the amount of $2.4 billion. I personally will support further reductions in this budget. In the last two sessions of Congress, I have voted for expenditure reductions in an amount which would have placed our Federal budget for fiscal years 1955 and 1956 in balance. I regret that the position which I have taken to reduce expenditures has not been shared by a majority of the Members of this great legislative body.

The time has come when we must face up to the reality that a majority of the Members of the present Congress will vote for still larger appropriations than were recommended by President Eisenhower in his budget for fiscal year 1956. This simply means that our Federal budget deficit for fiscal year 1956 will be even larger than that anticipated by the President. This situation places a responsible legislator in a very difficult position when the roll is called on the matter of paying the bills, which I believe should be paid through Federal revenue and not by still further increases in the national debt.

This afternoon I shall vote to recommit H. R. 4259 to the Committee on Ways and Means with instructions to strike out sections 4 and 5. Sections 4 and 5 of this bill provide for the $20 tax giveaway and represents complete fiscal irresponsibility on the part of the majority party. If this motion does not prevail, it is my sincere hope that a majority of the Members will vote to defeat this legislation and work for the passage of H. R. 4200 or H. R. 4201. These two bills provide for the extension for 1 year of the excise taxes and corporation tax rates, which otherwise would be reduced automatically on April 1, 1955. These two extensions have been recommended by the President as necessary to the fiscal stability of our Nation. There seems to be no disagreement that the excise taxes and corporate income taxes should be extended for another year. There is no reason for granting any tax reductions this year. Sections 4 and 5 of H. R. 4259 have been hastily drawn, and no hearings have been held on these two sections of the bill we have under consideration today. The public has had absolutely no opportunity to express its views on the problem and no other method of tax reduction was even discussed in the House Ways and Means Committee. If H. R. 4259 is enacted into law, we will not be helping the individual taxpayer. These sections are deliberately designed to destroy confidence in our economy and to force this Congress to increase still more the national debt limitation.

Fiscal responsibility must be maintained in America. The threat of fiscal irresponsibility is as great or greater than the threat of war. If this Congress approves fiscal irresponsibility in the United States, we will be granting international communism a great victory.

Mr. REES of Kansas. Mr. Chairman, I am in favor of reduction in taxes especially for people in the lower-income bracket. The method you are using today is not the way to go about it. The original bill, H. R. 4259, provides for continuation of present tax rates on corporations and the extension of present excise-tax rates. This must be done within the next few weeks so the Government will not lose by reason of taxes on corporations and excise taxes on automobiles, liquor, and tobacco. Almost all Members agree these taxes should be extended.

This $20 amendment proposal is a different matter. It comes in at the last minute without hearings or discussion by the committee in charge. It does not even take effect until 1956. In fact it will not show up on the tax return until 1957. It is said to involve $2 billion a year. It seems to me if proponents of the bill are sincere, and I think they are, they should submit the proposal under a separate measure so the House can discuss it. Under the rule you have before us, no amendments are permitted. We do not even have a report on the bill. If the bill should be passed right away, then it ought to take effect immediately. We should not fool the taxpayers by telling them we are giving them a $20 reduction in their taxes and then write in the bill that they cannot have it for another year. We cannot even amend that part of the bill because of the gag rule you have approved.

I am in favor of reducing taxes for individuals at the earliest possible date. I think the fair and equitable thing to do is to increase exemptions for individuals and their dependents. That is the fair way to do it.

Incidentally, we should be reminded that the majority party while in power over a period of 20 years has not here-

tofore advocated tax reductions for the little fellow. The record shows that when the majority party took over, individual exemptions were $2,500. These exemptions were cut from $2,500 clear down to $500 or $600 and no relief was given until the Republican Party was in power in the 80th Congress. Some relief was given at that time.

There has been some discussion that if Members of Congress are increasing their own salaries, then this legislation should be approved. Of course, I did not support legislation to increase Members' salaries. I did not think it was the thing to do especially at this time. I suggest that the thing for the Ways and Means Committee to do is to consider legislation to increase exemptions for individual taxpayers and let it be considered on its merits, but do not bring legislation in in the form of a rider and make people think you are giving them a $20 handout that will not, if approved, take effect until 1956. Let me repeat, I am in favor of giving relief to the lower-income taxpayers, but let us do it in a straightforward manner and not handle it in this way.

HOPKINS' FORMULA, 1955 MODEL

Mr. JOHANSEN. Mr. Chairman, it appears that even confirmed New Dealers, and Fair Dealers now regard the notorious Harry Hopkins' philosophy of tax and tax, spend and spend, elect and elect as out-of-date.

Perhaps it would be more accurate to say that they have discovered that this formula has its own law of diminishing political returns—at least the tax and tax portion of the formula.

There is no evident decrease in the eagerness to spend and spend or in the zeal to elect and elect. But the maneuver of the House Democratic leadership—designed to secure a $20 per person Federal tax reduction—indicates a belated Democratic recognition that the tax and tax portion of the Hopkins' formula is no longer popular.

The word "belated" is used advisedly, since Democratic tax policies increased average overall Federal taxes from 4 to 24 percent in 20 years, without ever catching up with Democratic spending policies.

Of course every effort is being made by the Democratic leadership, in connection with the latest maneuver, to picture themselves as advocates of tax relief for the little fellow and the Republicans as advocates of tax relief for the big fellow and the coupon clippers. This is demagogery which deliberately ignores the fact that the only tax relief which the Nation has had in the past 22 years came during the Republican 80th Congress and under the Eisenhower-Republican 83d Congress. It ignores the fact that this tax relief included increases in personal exemptions voted by the Republican 80th Congress, and across-the-board tax relief voted by the Republican 83d Congress. And it ignores the fact that the proposed $20 per person tax cut would reduce the aggregate tax yield from continuation of the corporation normal tax and excise taxes—proposed in the administration bill—from $2,830,000,000 to $737 million.

In other words, without any proposals for reduced expenditures—and, indeed, with numerous proposals from both the administration and the Democrats for increased expenditures—the net effect of the Democratic proposal would be an increase in the deficit for the next full fiscal year of more than $2 billion. President Eisenhower and Secretary Humphrey were entirely correct in denouncing the proposal as fiscal irresponsibility—especially in view of the further inflationary effect of such a policy.

I personally favor tax reductions—including reductions which would directly benefit the low-income bracket of Federal taxpayers. But I do not believe such tax reductions are sound or valid—or beneficial to anyone, including the low-income bracket—unless they are based on further sharp reductions in Federal spending and curtailment or outright rejection of new Federal spending schemes.

The Democratic maneuver is all the more objectionable because it was made even in advance of any major appropriations for the fiscal year 1955–56.

Actually this maneuver out-Hopkins Hopkins in terms of political cynicism, economic unsoundness and fiscal irresponsibility. It amounts to the dangerous proposal to recognize the growing public revolt against the tax and tax portion of the Hopkins formula and to substitute the even more delusive proposal to borrow and borrow, spend and spend, elect and elect.

That, in brief, is why I shall vote against the $20 per person tax cut at this time.

Mr. HALE. Mr. Chairman, I support the motion of the gentleman from New York to strike from H. R. 4259 sections 4 and 5 which provide the $20 credit for each personal exemption.

This is the most arrant piece of political shenanigans that I have witnessed since I have been in the House. In the first place, it is a tax-reduction measure tacked onto a bill designed to give our Treasury much needed revenue. If it were subject to a point of order it would be thrown out as not germane.

The provisions which the motion seeks to strike out were hastily added to the bill with no hearings whatever. Although they would cost the Treasury only about a billion dollars in fiscal 1956, they would cost it two and one-third billion annually thereafter. There is no contention even on the part of the sponsors of this legislation that it embodies fiscal prudence. It is a perfectly barefaced handout in the hope of winning support in the 1956 election. We already have an income tax sharply graduated against higher incomes and this new provision rejects the whole structure of our present law and substitutes a new one. It is an attempt to embarrass President Eisenhower, who should in my opinion veto any such legislation if it passes.

I believe that the people of this country are amply intelligent enough to see through this contemptible piece of chicanery. Certainly they will realize that it disposes forever of the idea that the majority in the Congress intends to support the President, as they boast of doing in the reciprocal trade legislation.

This measure, if it were to become law, would take 5 million taxpayers off the tax rolls. With the Federal budget still far out of balance and the country in danger as never before, I can see no reason why 5 million people should be exempted from the necessity of paying any income taxes. The insincerity of this $20 exemption is further evidenced by the fact that it is not to take effect until next January when the fiscal position of the country cannot possibly be seen so far ahead.

If a measure of this kind were sincerely believed to be salutary and justified it would have been offered to take effect at once.

I hope that the Reed amendment will be adopted and sections 4 and 5 of the bill stricken.

Mr. CHRISTOPHER. Mr. Chairman, I rise to attempt to set the record straight because I am of the opinion that my esteemed friend from Minnesota [Mr. JUDD] left what I consider the wrong impression. He stated and I quote:

> All this country was ever able to attain under the Democrats was 64 million employed and war.

To me that seemed to indicate that the gentleman from Minnesota was trying to leave the impression that the Democratic Party was a war party.

I wonder if the gentleman thinks we should not have engaged in World War I. The Kaiser had set out to conquer the world, and in the interest of freedom, he had to be stopped. We had no choice but to enter that conflict. I do not believe that the gentleman believes that we could or would have stayed out of World War I had the Republicans been in power. Democratic and Republican boys fought and died side by side to win that war. Men and women of both political faiths worked on our farms and in our defense plants to make victory possible.

Likewise with World War II, when the Japanese bombed Pearl Harbor and sank our fleet, should we have declared war or waited for Japan to take Seattle, San Francisco, Oakland, and Los Angeles? Again we had no choice. Republicans and Democrats alike voted to declare war and again our sons fought side by side to win the conflict.

When the Communists began their aggression in Korea, President Truman's action was approved over the length and breadth of this country, not only by Democrats, but by Republicans as well. In fact, the approval of the action taken in the Korea situation received almost unanimous approval. So history causes the inference of the gentleman from Minnesota to fall flat of its own weight.

All we are seeking to do here today is to give a little tax relief to the average American citizen and we are seeking to give it directly to those citizens who need it the most. That is good old Democratic philosophy as old as Thomas Jefferson, himself.

Mr. DODD. Mr. Chairman, when the tax revision legislation was before the House of Representatives in March of

1954, I publicly said that I had grave doubts about the wisdom and prudence of a tax cut of any kind at that time. But, I added, that since the Administration had decided it could afford a tax cut, it was my conviction that this relief should be given to wage earners, to salary earners, and to persons who earn their living through professional fees and commissions.

Instead the administration gave the cut to dividend earners and to corporations.

The $20 tax cut proposed today will give relief to this neglected element of our population, and in this way will make more equitable the tax cutting program which was started by the Eisenhower administration in 1954.

It is important to remember that this particular measure will cost much less than the relief extended to dividend earners and to corporations.

And besides, the money saved by the people who are to get this relief is more likely to find its way quickly into the economic lifestream of this country than the money, in the form of tax relief given to dividend earners and corporations.

This is a fair thing to do. I shall vote for it.

THE AUTOMOBILE IS NOT A LUXURY

Mr. RABAUT. Mr. Chairman, it is most discouraging to me as the Representative from an important industrial area of our country to have to address this House on every occasion of consideration of the excise provisions of our tax bill to plead the case for the automobile industry. This discouragement stems from the futility with which my efforts to ellicit effective response from my colleagues has been met. Be that as it may, I shall not let pass an opportunity to remind the members of this body of the rank injustice that is being perpetrated upon a very large segment of the American people. This is multiple taxation at its very worst.

I need not belabor you, gentlemen, with a long list of statistical information to impress you with the merits of our great automobile industry—their record is indelibly imprinted on the scroll of our Nation's achievements for all the world to read. A mighty tribute to the industry of our great people. In its own right, the automobile industry represents the largest single corporative enterprise in the world and the progenitor of several others. Another distinction unparalleled anywhere else in the world. The welfare of this industry is directly reflected in our variated channels of commerce and industry. To handicap it is to manacle a large segment of our economy. This, I feel certain, is not the intention of this legislative body.

Directing your attention to the legislative reasoning which is responsible for bringing the automobile within the purview of this law it will be found that it is included in a long list of so-called luxury items. This is a bare myth not worthy of lengthy discussion or argumentation. The common utility of the automobile is an established fact and no form of legislative hocus-pocus will change it into a luxury. And what are we doing to the working public that so heavily depends upon auto transportation? I will tell you what we are doing: We are demonstrating to the American taxpayer that once we reach into his pocket and find the "pickins" easy that we will not let go. Let us put an end to such unfair taxation, let us accept the plain facts of the case judiciously and return to the American public a tax bill that reflects his will rather than the expediency of our policymakers.

I know this is a closed rule and that my speaking here will not alter the inequities of this bill as regards the automobile, but I feel it my duty to remind my colleagues of the antiquity of some of our legislative reasoning.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Michigan [Mr. HOFFMAN].

The preferential motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. REED].

Mr. COOPER. Mr. Chairman, I demand tellers on the vote on the amendment offered by the gentleman from New York.

Tellers were ordered, and the Chairman appointed as tellers Mr. REED of New York and Mr. COOPER.

The Committee divided; and the tellers reported that there were—ayes 192, noes 197.

So the amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PRIEST, 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. 4259) to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a $20 credit against the individual income tax for each personal exemption, pursuant to House resolution 153, reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. REED of New York. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. REED of New York. I am, Mr. Speaker, definitely.

The SPEAKER. The gentleman qualifies, definitely.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. REED of New York moves to recommit the bill, H. R. 4259, to the Committee on Ways and Means with instructions to report the bill forthwith with the following amendment:

Strike out all after line 17, page 4, of the bill.

Mr. COOPER. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. COOPER. Mr. Speaker, on that motion I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 205, nays 210, answered "present" 1, not voting 18, as follows:

[Roll No. 15]

YEAS—205

Abbitt
Adair
Alger
Allen, Calif.
Allen, Ill.
Andersen, H. Carl
Andresen, August H.
Arends
Auchincloss
Ayres
Baker
Baldwin
Bass, N. H.
Bates
Baumhart
Beamer
Becker
Belcher
Bennett, Fla.
Bennett, Mich.
Bentley
Berry
Betts
Bolton Frances P.
Bosch
Bow
Bray
Brown, Ohio
Brownson
Broyhill
Budge
Burdick
Bush
Byrnes, Wis.
Canfield
Carrigg
Cederberg
Chase
Chatham
Chenoweth
Chiperfield
Church
Clevenger
Cole
Colmer
Coon
Corbett
Coudert
Cramer
Cretella
Crumpacker
Cunningham
Curtis, Mass.
Curtis, Mo.
Dague
Davis, Wis
Dawson, Utah
Derounian
Devereux
Dies
Dixon
Dolliver
Dondero
Dorn, N. Y.
Ellsworth
Fenton
Fisher
Fjare
Ford
Frelinghuysen
Gamble
Gary
Gavin
Gentry
George
Gross
Gubser
Gwinn
Hale
Halleck
Hand
Harden
Hardy
Harrison, Nebr.
Harrison, Va.
Harvey
Henderson
Heselton
Hess
Hiestand
Hill
Hillings
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holmes
Holt
Hope
Horan
Hosmer
Hyde
Jackson
James
Jenkins
Jensen
Johansen
Johnson, Calif.
Jonas
Jones, N. C.
Judd
Kean
Kearney
Kearns
Keating
Kilburn
King, Pa.
Knox
Krueger
Laird
Latham
LeCompte
Lipscomb
Lovre
McConnell
McCulloch
McDonough
McIntire
McVey
Mack, Wash.
Mailliard
Marshall
Martin
Meader
Merrow
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Minshall
Morano
Mumma
Nelson
Nicholson
O'Hara, Minn.
O'Konski
Osmers
Ostertag
Patterson
Pelly
Phillips
Poff
Prouty
Ray
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Rhodes, Ariz.
Riehlman
Robeson, Va.
Robsion, Ky.
Sadlak
St. George
Saylor
Schenck
Scherer
Schwengel
Scott
Scudder
Seely-Brown
Sheehan
Short
Siler
Simpson, Ill.
Simpson, Pa.
Smith, Kans.
Smith, Miss.
Smith, Va.
Springer
Taber
Talle
Taylor
Teague, Calif.
Thompson, Mich.
Thomson, Wyo.
Tollefson
Tuck
Utt
Van Pelt
Van Zandt
Velde
Vorys
Vursell
Wainright
Weaver
Westland
Wharton
Widnall
Wigglesworth
Williams, N. Y.
Wilson, Calif.
Wilson, Ind.
Withrow
Wolcott
Wolverton
Younger

NAYS—210

Abernethy
Addonizio
Albert
Alexander
Andrews
Anfuso
Ashley
Ashmore
Aspinall
Bailey
Barden
Barrett
Bass, Tenn.
Bell
Blatnik
Boggs
Boland
Bolling
Bonner
Bowler
Boykin
Boyle
Brooks, La.
Brooks, Tex.
Brown, Ga.
Buchanan
Burleson
Burnside
Byrd
Byrne, Pa.
Cannon
Carlyle
Carnahan
Celler
Chelf
Christopher
Chudoff
Clark
Cooley
Cooper
Davidson
Davis, Ga.
Davis, Tenn.
Dawson, Ill.
Deane
Delaney
Dempsey
Denton
Diggs
Dingell
Dodd
Dollinger
Donohue
Donovan
Dorn, S. C.
Dowdy
Doyle
Durham
Edmondson
Elliott
Evins
Fallon
Fascell

Feighan
Fernandez
Fine
Fino
Flood
Flynt
Fogarty
Forand
Forrester
Fountain
Frazier
Friedel
Fulton
Garmatz
Gordon
Granahan
Grant
Gray
Green, Oreg.
Green, Pa.
Gregory
Griffiths
Hagen
Haley
Harris
Hays, Ark.
Hays, Ohio
Hayworth
Hébert
Herlong
Holifield
Holtzman
Huddleston
Hull
Ikard
Jarman
Jennings
Johnson, Wis.
Jones, Ala.
Jones, Mo.
Karsten
Kelley, Pa.
Kelly, N. Y.
Keogh
Kilday
Kilgore
King, Calif.
Klein
Kluczynski
Knutson
Landrum
Lane
Lanham
Lankford
Lesinski
Long
McCarthy
McCormack
McDowell
McMillan
Macdonald
Machrowicz
Mack, Ill.
Madden
Magnuson
Mahon
Matthews
Metcalf
Miller, Calif.
Mills
Mollohan
Morgan
Morrison
Moss
Moulder
Multer
Murray, Ill.
Murray, Tenn.
Natcher
Norrell
O'Brien, Ill.
O'Brien, N. Y.
O'Hara, Ill.
O'Neill
Passman
Patman
Perkins
Pfost
Philbin
Pilcher
Pillion
Poage
Polk
Powell
Preston
Price
Priest
Quigley
Rabaut
Radwan
Rains
Reuss
Rhodes, Pa.
Riley
Rivers
Roberts
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Rooney
Roosevelt
Rutherford
Selden
Sheppard
Shuford
Sieminski
Sikes
Sisk
Staggers
Steed
Sullivan
Teague, Tex.
Thomas
Thompson, La.
Thompson, N. J.
Thompson, Tex.
Thornberry
Trimble
Tumulty
Udall
Vanik
Vinson
Walter
Watts
Whitten
Wickersham
Wier
Williams, Miss.
Williams, N. J.
Willis
Winstead
Wright
Yates
Zablocki
Zelenko

ANSWERED "PRESENT"—1

Gathings

NOT VOTING—18

Avery
Blitch
Bolton, Oliver P.
Buckley
Eberharter
Engle
Hinshaw
Kee
Kirwan
McGregor
Mason
Norblad
Richards
Scrivner
Shelley
Smith, Wis.
Spence
Young

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Smith of Wisconsin for, with Mr. Kirwan against.

Mr. Mason for, with Mr. Buckley against.

Mr. Gathings for, with Mr. Eberharter against.

Until further notice:

Mr. Engel with Mr. Oliver P. Bolton.
Mr. Shelley with Mr. McGregor.
Mrs. Blitch with Mr. Norblad.
Mrs. Kee with Mr. Hinshaw.
Mr. Richards with Mr. Scrivner.
Mr. Spence with Mr. Young.

Mr. CHRISTOPHER changed his vote from "yea" to "nay."

Mr. O'KONSKI changed his vote from "nay" to "yea."

Mr. GATHINGS. Mr. Speaker, I have a live pair with the gentleman from Pennsylvania, Mr. EBERHARTER, who is in the hospital. If he were present he would vote "nay." I voted "yea." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. COOPER, Mr. MARTIN, and Mr. REED of New York demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 242, nays 175, not voting 17, as follows:

[Roll No. 16]

YEAS—242

Abbitt
Abernethy
Addonizio
Albert
Alexander
Andrews
Anfuso
Ashley
Ashmore
Aspinall
Bailey
Baker
Barden
Barrett
Bass, Tenn.
Bell
Bennett, Mich.
Blatnik
Blitch
Boggs
Boland
Bolling
Bonner
Bowler
Boykin
Boyle
Bray
Brooks, La.
Brooks, Tex.
Brown, Ga.
Buchanan
Burleson
Burnside
Byrd
Byrne, Pa.
Cannon
Carlyle
Carnahan
Celler
Chatham
Chelf
Christopher
Chudoff
Clark
Colmer
Cooley
Cooper
Corbett
Cunningham
Davidson
Davis, Ga.
Davis, Tenn.
Dawson, Ill.
Deane
Delaney
Dempsey
Denton
Dies
Diggs
Dingell
Dodd
Dollinger
Dolliver
Donohue
Donovan
Dorn, S. C.
Dowdy
Doyle
Durham
Edmondson
Elliott
Evins
Fallon
Fascell
Feighan
Fernandez
Fine
Fino
Fisher
Flood
Flynt
Fogarty
Forand
Forrester
Fountain
Frazier
Friedel
Fulton
Garmatz
Gary
Gathings
Gordon
Granahan
Grant
Gray
Green, Oreg.
Green, Pa.
Gregory
Griffiths
Gross
Hagen
Haley
Hardy
Harris
Harrison, Va.
Hays, Ark.
Hays, Ohio
Hayworth
Hébert
Herlong
Holifield
Holtzman
Huddleston
Hull
Ikard
Jarman
Jennings
Johnson, Wis.
Jones, Ala.
Jones, Mo.
Jones, N. C.
Karsten
Kelley, Pa.
Kelly, N. Y.
Keogh
Kilday
Kilgore
King, Calif.
Klein
Kluczynski
Knox
Knutson
Landrum
Lane
Lanham
Lankford
LeCompte
Lesinski
Long
McCarthy
McCormack
McDowell
McMillan
Macdonald
Machrowicz
Mack, Ill.
Madden
Magnuson
Mahon
Marshall
Matthews
Metcalf
Miller, Calif.
Mills
Mollohan
Morgan
Morrison
Moss
Moulder
Multer
Murray, Ill.
Murray, Tenn.
Natcher
Norrell
O'Brien, Ill.
O'Brien, N. Y.
O'Hara, Ill.
O'Konski
O'Neill
Passman
Patman
Perkins
Pfost
Philbin
Pilcher
Pillion
Poage
Polk
Powell
Preston
Price
Priest
Quigley
Rabaut
Radwan
Rains
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Riley
Rivers
Roberts
Robeson, Va.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Rooney
Roosevelt
Rutherford
Saylor
Schwengel
Selden
Sheehan
Sheppard
Shuford
Sieminski
Sikes
Simpson, Ill.
Sisk
Smith, Miss.
Smith, Va.
Staggers
Steed
Sullivan
Teague, Tex.
Thomas
Thompson, La.
Thompson, N. J.
Thompson, Tex.
Thornberry
Trimble
Tuck
Tumulty
Udall
Vanik
Van Zandt
Vinson
Walter
Watts
Whitten
Wickersham
Wier
Williams, Miss.
Williams, N. J.
Willis
Winstead
Wright
Yates
Zablocki
Zelenko

NAYS—175

Adair
Alger
Allen, Calif.
Allen, Ill.
Andersen, H. Carl
Andresen, August H.
Arends
Auchincloss
Ayres
Baldwin
Bass, N. H.
Bates
Baumhart
Beamer
Becker
Belcher
Bennett, Fla.
Bentley
Berry
Betts
Bolton, Frances P.
Bosch
Bow
Brown, Ohio
Brownson
Broyhill
Budge
Burdick
Bush
Byrnes, Wis.
Canfield
Carrigg
Cederberg
Chase
Chenoweth
Chiperfield
Church
Clevenger
Cole
Coon
Coudert
Cramer
Cretella
Crumpacker
Curtis, Mass.
Curtis, Mo.
Dague
Davis, Wis.
Dawson, Utah
Derounian
Devereux
Dixon
Dondero
Dorn, N. Y.
Ellsworth
Fenton
Fjare
Ford
Frelinghuysen
Gamble
Gavin
Gentry
George
Gubser
Gwinn
Hale
Halleck
Hand
Harden
Harrison, Nebr.
Harvey
Henderson
Heselton
Hess
Hiestand
Hill
Hillings
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holmes
Holt
Hope
Horan
Hosmer
Hyde
Jackson
James
Jenkins
Jensen
Johansen
Johnson, Calif.
Jonas
Judd
Kean
Kearney
Kearns
Keating
Kilburn
King, Pa.
Krueger
Laird
Latham
Lipscomb
Lovre
McConnell
McCulloch
McDonough
McIntire
McVey
Mack, Wash.
Mailliard
Martin
Meader
Merrow
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Minshall
Morano
Mumma
Nelson
Nicholson
O'Hara, Minn.
Osmers
Ostertag
Patterson
Pelly
Phillips
Poff
Prouty
Ray
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Riehlman
Robsion, Ky.
Sadlak
St. George
Schenck
Scherer
Scott
Scudder
Seely-Brown
Short
Siler
Simpson, Pa.
Smith, Kans.
Springer
Taber
Talle
Taylor
Teague, Calif.
Thompson, Mich.
Thomson, Wyo.
Tollefson
Utt
Van Pelt
Velde
Vorys
Vursell
Wainwright
Weaver
Westland
Wharton
Widnall
Wigglesworth
Williams, N. Y.
Wilson, Calif.
Wilson, Ind.
Withrow
Wolcott
Wolverton
Younger

NOT VOTING—17

Avery
Bolton, Oliver P.
Buckley
Eberharter
Engle
Hinshaw
Kee
Kirwan
McGregor
Mason
Norblad
Richards
Scrivner
Shelley
Smith, Wis.
Spence
Young

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Kirwan for, with Mr. Smith of Wisconsin against.

Mr. Buckley for, with Mr. Mason against.

Until further notice:

Mr. Shelley with Mr. Young.
Mr. Engel with Mr. Hinshaw.
Mr. Eberharter with Mr. Scrivner.
Mr. Richards with Mr. Oliver P. Bolton.
Mr. Spence with Mr. McGregor.
Mrs. Kee with Mr. Norblad.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM FOR NEXT WEEK

Mr. MARTIN. 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 Massachusetts?

There was no objection.

Mr. MARTIN. Mr. Speaker, may I ask the majority leader what the program will be for next week?

Mr. McCORMACK. Mr. Speaker, I cannot say what will happen in connection with the conference report on the pay raise bill in the other body.

Aside from that the program for next week follows:

On Monday there will be no business.

On Tuesday there is a primary in Baltimore and there will be no business.

For Wednesday, Thursday, and Friday, if the Rules Committee reports out

rules on the bill H. R. 1573, which undertakes to repeal section 348 of the Agricultural Adjustment Act, and House Joint Resolution 202 relating to an increase in FHA mortgage insurance on housing, those bills will be brought up.

Any conference reports that may be available next week will be brought up. The only one I know of is the one that is in the other branch at the present time.

Mr. MARTIN. Has the gentleman been advised by anyone from the Appropriations Committee as to when we may expect an appropriation bill to come before the House?

Mr. McCORMACK. Not definitely.

Mr. MARTIN. Is there any in the near offing?

Mr. McCORMACK. I say this with reservations so that I might inquire for specific information: There is a likelihood of an appropriation bill coming in week after next, but I do not want to make that as a definite statement or as a commitment.

Mr. MARTIN. I hope we may have an appropriation bill soon. Two months have now elapsed and not a single appropriation bill has reached the floor. If we are going to have a recess we will have to get some of them moving.

Mr. McCORMACK. I have no observation to make in reply to the gentleman's remarks.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE LATE CHARLES LABAN ABERNETHY

Mr. BARDEN. Mr. Speaker, I ask unanimous consent to address the House and to extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BARDEN. Mr. Speaker, it becomes my sad duty to announce the death of a former Member of this House, the Honorable Charles Laban Abernethy. Mr. Abernethy died at his home, February 23, 1955, after a long illness. He was elected to the 68th Congress from the Third North Carolina Congressional District and was re-elected to the five succeeding Congresses. He was a native North Carolinian, the son of a very outstanding Methodist minister. He studied law at the University of North Carolina and began his practice in Beaufort, N. C. He served as district solicitor of the fifth judicial district for a period of 12 years; moved to New Bern, N. C., in 1913 and continued his law practice until he was elected to Congress in 1922.

Mr. Abernethy was a tireless worker, and rendered valuable service to the people of the Third North Carolina District and to the State. During the period of his service, he was instrumental in obtaining an appropriation for the erection of a handsome Federal building for his hometown of New Bern. He served for several years as a member of the Merchant Marine and Fisheries Committee and the Appropriations Committee of the House and worked tirelessly for the improvement of North Carolina waterways and the fishing industry, both of which are so important to the residents of eastern North Carolina. He was one of the first advocates of an inland waterway for North Carolina.

The former Congressman was very active in veterans' affairs, and during his service in Congress, he not only strongly supported and worked for the passage of legislation for the benefit of the veterans, but he also handled successfully hundreds of individual veterans' claims through his office.

During the 69th Congress, Representative Abernethy introduced and obtained passage of a bill establishing a national military park at the battlefield of Moore's Creek, which is located in Pender County, N. C., and where one of the most significant battles of the Revolutionary War took place. Many thousands of people will mourn his passing.

Mr. Abernethy was a past master of the Franklin Masonic Lodge at Beaufort, N. C., and was a member of the New Bern, N. C., Sudan Shrine Temple. He organized the Deems Bible Class at New Bern's Centenary Methodist Church, and was its teacher for a number of years. While in Congress, he commuted frequently from Washington to New Bern to conduct this class. He is survived by his wife, Mrs. Minnie May Abernethy, one son, Charles L. Abernethy, Jr., two sisters, Mrs. Frances Hardenburg and Mrs. Dora Blount, and two brothers, Ivan B. Abernethy and Benjamin Abernethy. Funeral services will be held today at Centenary Methodist Church, New Bern, N. C.

Mr. Speaker, I will not attempt to recount the many valuable contributions that he made to that district in the way of service, and his activities for securing consideration for the people of that district that they were entitled to. He was an active church worker. He was active in the Democratic Party. He was respected by the official family of North Carolina, and I am quite sure there are many Members of this body who will join with me in mourning his passing. Many of you knew him, and many of you will recall the very fine contribution that he made.

Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I learned with deep regret of the death of our late friend. I remember him well. I served with him for several years. He was a very hard-working Member of the House and one who served his district with ability and with devotion. He was an outstanding son of North Carolina and a great American. I am glad to join with my friend, the gentleman from North Carolina, in these expressions of regard on his passing and to extend to his loved ones my profound sympathy in their great loss and sorrow.

Mr. BARDEN. Mr. Speaker, I yield to the gentleman from North Carolina [Mr. DURHAM].

Mr. DURHAM. Mr. Speaker, it is with deep regret that I learned of the death of former Congressman Abernethy. Many years ago his father, who was a Methodist minister, and an able one, moved to our city and educated his sons in the University of North Carolina. Still today in that city lives the widow of one of his brothers who was one of the most famous and most beloved physicians that the vicinity of North Carolina ever had the privilege of knowing. I have known the Abernethy family for some 45 years or more. They were very conscientious. They were people who were patriotic. They were devout people. He also has two sisters living here today in Washington. I extend to them and to the widow of Mr. Abernethy, who still lives in Chapel Hill, my deepest sympathies.

Mr. BARDEN. Mr. Speaker, living in the same town with Mr. Abernethy, having practiced at the same bar with him prior to his coming to Congress, I, of course, knew him well and knew his family well. I extend to his family and friends my very sincere sympathy and my expressions of regret on his passing. Mr. Speaker, I ask unanimous consent that all Members of the House may have the privilege of extending their remarks, if they so desire, at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. BARDEN]?

There was no objection.

Mr. CHATHAM. Mr. Speaker, the State of North Carolina has lost a fine citizen; his friends have suffered a great loss. God bless his family.

AUTHORITY TO ACT DURING ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

JOINT COMMITTEE ON IMMIGRATION AND NATIONALITY POLICY

The SPEAKER. Pursuant to the provisions of title 8, section 1106 (a), United States Code, the Chair appoints as members of the Joint Committee on Immigration and Nationality Policy, the following Members on the part of the House: Mr. CELLER, Mr. WALTER, Mr. FEIGHAN, Miss THOMPSON of Michigan, Mr. REED of Illinois.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks was granted to:

Mr. FRIEDEL and to include extraneous matter.

Mr. DIGGS.

Mr. PRIEST and to include extraneous matter.

Mr. THOMPSON of Texas.

Mr. MCCORMACK and to include extraneous matter.

Mr. GATHINGS and include letters and articles.

Mr. BURDICK and include additional material.

Mr. REED of New York in three instances.

Mr. JOHNSON of California and include a speech.

Mr. FORD and include extraneous matter.

ADJOURNMENT

Mr. McCORMICK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 39 minutes p. m.), under its previous order, the House adjourned until Monday, February 28, 1955, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

467. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation entitled "A bill to increase the annuities of certain retired civilian members of the teaching staffs of the United States Naval Academy and the United States Naval Postgraduate School"; to the Committee on Armed Services.

468. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation entitled "A bill to provide for the examination preliminary to promotion of officers of the naval service"; to the Committee on Armed Services.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASPINALL (by request):

H. R. 4420. A bill to modify the basis for award of gratuitous national service life insurance to a dependent parent; to the Committee on Veterans' Affairs.

H. R. 4421. A bill to extend to certain persons an additional period in which to obtain national service life insurance under section 620 of the National Service Life Insurance Act of 1940; to the Committee on Veterans' Affairs.

H. R. 4422. A bill to authorize the grant of insurance under section 621 of the National Service Life Insurance Act of 1940 on permanent, as well as 5-year level premium term, plans; to the Committee on Veterans' Affairs.

H. R. 4423. A bill to provide continued national service life insurance for certain veterans totally disabled in active military or naval service; to the Committee on Veterans' Affairs.

By Mr. BARTLETT:

H. R. 4424. A bill to amend chapter 73 of title 18 of the United States Code (relating to obstruction of justice) so as to make certain provisions of that chapter apply to the District Court for the District of Alaska; to the Committee on the Judiciary.

H. R. 4425. A bill providing for a preliminary flood-control and bank-stabilization examination and survey in the Matanuska Valley, Alaska; to the Committee on Public Works.

By Mr. BUCKLEY:

H. R. 4426. A bill to amend section 7 of the act approved September 22, 1922, as amended; to the Committee on Public Works.

By Mr. BYRD:

H. R. 4427. A bill to provide that the provisions of the Natural Gas Act shall not apply to the sale of natural gas, as an incident of its production and gathering, by an independent producer not engaged in the interstate transmission of natural gas; to the Committee on Interstate and Foreign Commerce.

H. R. 4428. A bill to promote the further development of public library service in rural areas; to the Committee on Education and Labor.

By Mr. CELLER:

H. R. 4429. A bill creating a Federal Commission to formulate plans for the construction in the District of Columbia of a civic auditorium, including an Inaugural Hall of Presidents and a music, drama, fine arts, and mass communications center; to the Committee on the District of Columbia.

H. R. 4430. A bill to amend and revise the laws relating to immigration, naturalization, nationality, and citizenship, and for other purposes; to the Committee on the Judiciary.

By Mr. BLATNIK:

H. R. 4431. A bill to amend and revise the laws relating to immigration, naturalization, nationality, and citizenship, and for other purposes; to the Committee on the Judiciary.

By Mr. DAVIDSON:

H. R. 4432. A bill to amend and revise the laws relating to immigration, naturalization, nationality, and citizenship, and for other purposes; to the Committee on the Judiciary.

By Mr. ROOSEVELT:

H. R. 4433. A bill to amend and revise the laws relating to immigration, naturalization, nationality, and citizenship, and for other purposes; to the Committee on the Judiciary.

By Mr. ZELENKO:

H. R. 4434. A bill to amend and revise the laws relating to immigration, naturalization, nationality, and citizenship, and for other purposes; to the Committee on the Judiciary.

By Mr. CHUDOFF:

H. R. 4435. A bill providing relief against certain forms of discrimination in interstate transportation; to the Committee on Interstate and Foreign Commerce.

By Mr. DORN of South Carolina:

H. R. 4436. A bill relating to the sale of water from the Clark Hill Reservoir to the city of McCormick, S. C.; to the Committee on Public Works.

By Mrs. FARRINGTON:

H. R. 4437. A bill relating to withholding for State employee retirement system purposes, on the compensation of certain civilian employees of the National Guard and the Air National Guard; to the Committee on Armed Services.

H. R. 4438. A bill to provide that the decennial census of agriculture shall include Hawaii; to the Committee on Post Office and Civil Service.

By Mr. FINO:

H. R. 4439. A bill to provide for the recognition by the Administrator of Veterans' Affairs of veterans of World War I of the U. S. A. in the presentation of claims under laws administered by the Veterans' Administration; to the Committee on Veterans' Affairs.

By Mr. FORAND:

H. R. 4440. A bill to amend section 25 (b) (3) of the Internal Revenue Code so as to include dependents in the Republic of the Philippines; to the Committee on Ways and Means.

By Mrs. GREEN of Oregon:

H. R. 4441. A bill to amend section 14 (b) of the National Labor Relations Act so as to protect the rights of employees and employers, in industries affecting commerce, to enter into union-shop agreements; to the Committee on Education and Labor.

H. R. 4442. A bill to provide for emergency Federal financial assistance to the States and Territories in the construction of urgently needed public elementary and secondary school facilities, and for other purposes; to the Committee on Education and Labor.

By Mr. HOLTZMAN:

H. R. 4443. A bill to reduce the premium rates for FHA insurance on cooperative housing to one-fourth of 1 percent; to the Committee on Banking and Currency.

By Mr. JACKSON:

H. R. 4444. A bill to amend the Internal Revenue Code of 1954 to provide a partial tax credit for certain payments made to a public or private educational institution of higher education; to the Committee on Ways and Means.

By Mr. KEARNEY:

H. R. 4445. A bill to liberalize the marriage requirements for compensation and pension purposes; to the Committee on Veterans' Affairs.

By Mr. MILLER of California:

H. R. 4446. A bill to provide assistance to the States in the construction, modernization, additions, and/or improvement of domiciliary or hospital buildings of State or Territorial operated soldiers' homes by a grant to subsidize in part the capital outlay cost; to the Committee on Veterans' Affairs.

By Mr. MOSS:

H. R. 4447. A bill to authorize the Secretary of the Interior to construct, operate, and maintain as additions to the Central Valley project, California, the Trinity River division and the San Luis unit of the West San Joaquin division; to the Committee on Interior and Insular Affairs.

H. R. 4448. A bill to amend the Migratory Bird Hunting Stamp Act of March 16, 1934 (48 Stat. 451; 16 U. S. C. 718), as amended; to the Committee on Merchant Marine and Fisheries.

By Mr. OSMERS:

H. R. 4449. A bill to authorize the conveyance of certain lands within Caven Point terminal and ammunition loading pier, New Jersey, to the New Jersey Turnpike Authority; to the Committee on Armed Services.

By Mr. RAINS:

H. R. 4450. A bill to provide benefits for members of the Reserve components of the Armed Forces who suffer disability or death from injury or disease incurred while engaged in active-duty or inactive-duty training; to the Committee on Armed Services.

By Mr. ZELENKO:

H. R. 4451. A bill to repeal section 462 of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. BALDWIN:

H. J. Res. 235. Joint resolution to amend section 84 (a) (2) of title 28 of the United States Code; to the Committee on the Judiciary.

By Mr. GROSS:

H. J. Res. 236. Joint resolution providing that each member of the Armed Forces sent overseas shall be notified of the fact that, because of certain international agreements, he may be subject to the criminal jurisdiction of a foreign country without the safeguards provided by the Constitution and laws of the United States; to the Committee on Armed Services.

By Mr. LANE:

H. Res. 158. Resolution to authorize the Committee on the Judiciary to investigate and study monopolistic mergers in the textile industry; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New Mexico, memorializing the President and the Congress of the United States concerning the urgent necessity to amend the Natural Gas Act; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. H. CARL ANDERSEN:

H. R. 4452. A bill for the relief of Mrs. Pura Chaviano Martinez de Walter; to the Committee on the Judiciary.

By Mr. ASHLEY:

H. R. 4453. A bill for the relief of Miss Zmirah Mittelman; to the Committee on the Judiciary.

By Mr. BAUMHART:

H. R. 4454. A bill for the relief of Rosezella Marie Preston Curran; to the Committee on the Judiciary.

By Mr. BELCHER:

H. R. 4455. A bill for the relief of Christa Harkrader; to the Committee on the Judiciary.

By Mr. BROYHILL (by request):

H. R. 4456. A bill for the relief of Cpl. Oscar H. Mash, Jr.; to the Committee on the Judiciary.

By Mr. DAWSON of Utah:

H. R. 4457. A bill for the relief of Jacob Fraim Zubli; to the Committee on the Judiciary.

By Mrs. FARRINGTON:

H. R. 4458. A bill for the relief of Mrs. Kazuko Kaneshiro; to the Committee on the Judiciary.

H. R. 4459. A bill for the relief of Mrs. Hildegard Piberger Chun; to the Committee on the Judiciary.

By Mr. FINO:

H. R. 4460. A bill for the relief of Nicolaos Theocharous Grammatikos; to the Committee on the Judiciary.

By Mr. GWINN:

H. R. 4461. A bill for the relief of Attilio Gabrielle; to the Committee on the Judiciary.

By Mr. MORANO:

H. R. 4462. A bill for the relief of John Maurice Lamont; to the Committee on the Judiciary.

By Mr. POWELL:

H. R. 4463. A bill for the relief of Rosa Alaton Eskenazi; to the Committee on the Judiciary.

By Mr. RILEY:

H. R. 4464. A bill for the relief of Mrs. Kathryn H. Wallace; to the Committee on the Judiciary.

By Mr. RIVERS:

H. R. 4465. A bill to direct the Secretary of Agriculture to release on behalf of the United States conditions in two deeds conveying certain submarginal lands to Clemson Agricultural College of South Carolina so as to permit such college, subject to certain conditions, to sell, lease, or otherwise dispose of such lands; to the Committee on Agriculture.

By Mr. SHORT:

H. R. 4466. A bill for the relief of Lois O. Jennings; to the Committee on the Judiciary.

By Mr. WILLIAMS of New York:

H. R. 4467. A bill for the relief of Elsie Kathleen Bucknell; to the Committee on the Judiciary.

By Mr. WILLIS:

H. R. 4468. A bill for the relief of Margarethe Bock; to the Committee on the Judiciary.

H. R. 4469. A bill for the relief of Maria da Conceicao Prentice; 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:

122. By the SPEAKER: Petition of secretary-treasurer, Texas Association of Accident and Health Underwriters, Austin, Tex., expressing opposition to the Federal reinsurance bills now before the Congress, known as H. R. 3458 and S. 886; to the Committee on Interstate and Foreign Commerce.

123. Also, petition of the chairman, Long Island Chapter, Knights of Columbus, Brooklyn, N. Y., expressing support of the principles of the Bricker amendment to the Federal Constitution; to the Committee on the Judiciary.

124. Also, petition of the chairman, Lithuanian Community of Stamford, Stamford, Conn., expressing gratitude to the United States for its support to the cause of independence of Lithuania, and her neighbors, Latvia and Estonia; to the Committee on Foreign Affairs.

125. Also, petition of the chairman, Lithuanian Americans of Westfield, Westfield, Mass., expressing gratitude to the United States for the support given Lithuania by refusing to recognize the unjust enslavement of the Republic of Lithuania, etc.; to the Committee on Foreign Affairs.

EXTENSIONS OF REMARKS

Tax Relief Under H. R. 4300

EXTENSION OF REMARKS

OF

HON. DANIEL A. REED

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, February 25, 1955

Mr. REED of New York. Mr. Speaker, there has been a lot of talk to the effect that the Republican tax program of last year did practically nothing for lower bracket taxpayers, specifically those with incomes below $5,000. Let us put the record straight once and for all.

In the first place these statements have referred only to the big tax-revision bill. This ignores the fact that the Internal Revenue Code of 1954 was only one part of the entire tax program and, from a revenue standpoint a relatively small part. The entire tax reduction provided last year amounted to $7.4 billion, of which the revision bill only accounted for $1.4 billion.

The biggest single portion of the program was the across-the-board individual income-tax reduction which went into effect a year ago last January. That reduction amounted to $3 billion. There are some who say that that reduction was provided for in a law enacted by a Democratic Congress. Of course, we all know that the actual reduction could never have been permitted to take effect unless tremendous expenditure reductions had not been achieved by the Republican Party. The $3 billion reduction was achieved by a tax cut in the rate of about 10 percent in the lower and middle income brackets and ranging down to a little over 1 percent in the upper brackets. About 31 percent of the tax relief in that bill went to individuals with adjusted gross incomes of less than $5,000. It should be pointed out that this was approximately the same percentage by which these individuals had previously had their taxes increased. In other words, we went down almost exactly the way we had come up.

Moreover, it should be recognized that this group with adjusted gross incomes of under $5,000 to whom 31 percent of the tax relief went, actually bear about 29 percent of the total income tax burden. Therefore the percentage reduction in the below-$5,000 area represented an equitable distribution of the tax relief based upon the existing distribution of the income tax burden.

In addition, the majority ignored the fact that we also provided $1 billion excise tax reduction on a wide variety of items including telephone calls, railroad tickets, ladies' handbags, toilet articles, and so forth. Practically this entire reduction benefited individuals, particularly the Nation's consumers. Moreover, I would like to point out that that particular tax reduction helped a class of people which the present Democratic $20 proposal ignores completely. The class which I am talking about is made up of those who pay no income taxes today because of low incomes, such as those living on social security benefits and other small pensions. Excise tax cuts are the only way to lessen the tax burden on these people.

Insofar as the tax revision bill is concerned, about $800 million or more than half of its total reduction went to individuals. It is not possible to make any accurate estimate of which classes of taxpayers received the most dollar benefit from this reduction. To say that those below $5,000 received little or no benefit is to completely distort the facts. Take one single provision, for example, the retirement income credit involves a revenue loss of about $140 million, approximately one-fifth of the entire individual tax reduction contained in the bill. This provision was so drawn that its benefits are concentrated almost entirely in the low income area. More liberal treatment of dependents, representing another $80 million in tax benefits was also of material help to low income taxpayers. It is my belief that individuals with adjusted gross incomes of $5,000 or less received approximately the same percentage of tax benefits as their present share of the tax burden bears to the total income tax.

World Government

EXTENSION OF REMARKS

OF

HON. USHER L. BURDICK

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, February 25, 1955

Mr. BURDICK. Mr. Speaker, 2 years ago there was much propaganda afloat in this country advocating a world government of which the United States is to be merely one of the states, surrendering its national sovereignty to the overall organization. That idea was apparently rejected by the people of the United States, and for a time the propaganda died out. Since January of this year, however, it has been revived and is now going full bast.

This is the most important issue before the American people today. The question is: Shall the United States give up its national sovereignty and become only a member of a world government?

Some of the people in high places startle us with their statements. Owen J. Roberts, former member of the Supreme Court of the United States is quoted as saying: "National sovereignty is a silly shibboleth." Justice Roberts is president of the Atlantic Union Committee. How he could hold up his right hand and swear to defend and protect the Constitution of the United States against all enemies, foreign and domestic, and then head a committee seeking to build a world government which would eliminate our own sovereignty is hard to understand.

Here is the text of the resolution introduced in the Senate on February 9 of this year:

> *Resolved by the Senate (the House of Representatives concurring)*, That the President is requested to invite the democracies which sponsored the North Atlantic Treaty to name delegates, representing their principal political parties, to meet this year with delegates of the United States in a Federal convention to explore how far their peoples, and the peoples of such other democracies as the convention may invite to send delegates, can apply among them, within the framework of the United Nations, the principles of free federal union.

Here again is the knockout blow against the Constitution:

> This called meeting for next year * * * is to explore the possibility of relinquishing our sovereignty.

How can we support the Constitution and defend it against all enemies, foreign and domestic, if we are to contemplate relinquishing our sovereignty? The author of this resolution in the Senate just got through swearing to defend our Constitution, and in the next breadth he proposes the possibility of surrendering it. This last resolution does not propose to surrender our sovereignty, but proposes the possibility of doing so. It is a new coat of sugar—but the same doughnut.

It is a curious fact that Rhodes scholars are quite generally in line with the philosophy of world government, not all, however. I wondered why and looked into the matter. Here is the announced purpose of this school. From the American Oxonian, the official publication of the Association for American Rhodes Scholars, January 1945, we read:

> This is not an educational endowment as ordinarily understood. Its purpose is not to give anyone an education he could not otherwise afford; not to promote learning; but to encourage in the rising generation * * * a particular outlook on problems of the world: To give them in fact a political bias.

And a booklet issued by the Chicago Tribune in 1951 says:

> Rhodes scholarships were established for the primary purpose of instilling political bias in the minds of young Americans in favor of world federation, involving the surrender of American sovereignty.

I would be unalterably opposed to the appointment of John Marshall Harlan as a member of the Supreme Court, because he is a Rhodes scholar and if indoctrinated with the philosophy above quoted, I would not be sure he would support and defend the Constitution of the United States if it conflicted with the Charter of the United Nations. Some members of the Supreme Court have taken this position already, and I refer to the steel-seizure case under the Truman administration. We already have on the Supreme Court Justice William O. Douglas, who is a vice president of the United World Federalists. In a recent test case before that body it is reported that the vote was a tie, 4 to 4, on the question of which is the supreme law of the land—the United States Constitution or the United Nations Charter.

Judge Harlan, if appointed, might turn against the doctrine of his own school, but the chances are that he would not. We cannot afford to take chances on a matter as important as this.

Brotherhood Week

EXTENSION OF REMARKS

OF

HON. CHARLES C. DIGGS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, February 25, 1955

Mr. DIGGS. Mr. Speaker, we are all aware, I am sure, of the fact that we are now in the midst of an annual observance of Brotherhood Week. America has a great number of observances during the year commemorating occasions, personages, and ideals—all of which have a special significance in their link to certain basic principles inherent in our democratic form of government and our concepts concerning man and his human rights. In these many observances, I think it well that we be reminded that Brotherhood Week, in the essential meaning of the observance and without regard to point of time in which the celebration was established, is the basic premise from which all of these observances stem. Brotherhood Week embodies the very roots of our religious faith and the very roots of the faith upon which our Nation was founded.

Whatever our religious creed, we who are Christians hold the common faith that the one Father made of one blood all the races of the world; that fundamentally all men are brothers. Whatever our political party affiliations, we who are American philosophically—in truth—hold the common faith that all men are created equal and are endowed by their Creator with certain inalienable rights, among which are life, liberty, and the pursuit of happiness. Brotherhood Week is not then an observance pointing up the human rights of any particular people; rather it is an observance meant to keep in the fore of all men's mind that our basic religious and democratic tenets are the protection to your human rights, to my human rights, and to the human rights of all the peoples of the world who hold our common faith.

Human rights was the underlying issue behind extension of the universal military program, which involves the sons of all races, colors, creeds; human rights was the issue behind the Formosa resolution, involving protection of rights of our Nation and of brother nations. The right to life and the pursuit of happiness, through promotion of general welfare—as set forth in the opening of our Constitution—is the issue behind our concern in the economic well-being of our Federal workers and our Nation's workers in general.

"Your faith shall be known by your works"—if as an individual, regardless of race, creed, or national origin, we truly believe that we hold inalienable rights to life, liberty, and the pursuit of happiness; if as an individual, we truly believe that through one God in whom we live and move and have our being, we, having a spark of His divine nature, have dignity and stature before all men, it must follow that all men have such equal rights and stature and to uphold and promote our individual human rights, we must uphold and promote the human rights of all men.

Brotherhood week is not a time to be viewed with lightness. It is a time for rededication to democratic principles and, above all, a time of rededication to the principles of our Christian faith. I call it to your attention, urging its practice, not for a week, but for each day of daily life, knowing that in its principles is the hope and salvation of this world in which we live.

Willis W. Bradley: Naval Officer and Statesman

EXTENSION OF REMARKS

OF

HON. CLARK W. THOMPSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, February 25, 1955

Mr. THOMPSON of Texas. Mr. Speaker, the splendid eulogies on our late colleague, the Honorable Willis W. Bradley, of California, so far published portray not only a rich personality but also a

career notable for its record of constructive achievements. Of his many important contributions none are of more lasting value than those for the Panama Canal while he was a Member of Congress, 1947–49. These merit special emphasis.

At the time he was elected to the 80th Congress Captain Bradley had just completed a long and distinguished career as a line officer of the Navy with early specialization in ordnance engineering. In later years, he had important administrative assignments, served as Governor of Guam, held responsible positions afloat, and navigated in many parts of the world. This background of experience combined to qualify him eminently for leadership in the 80th Congress, in which he was assigned to the Committee on Merchant Marine and Fisheries. On that assignment he quickly became a recognized authority on interoceanic canal problems, for which he had been prepared by a lifetime of naval experience and years of study of the Isthmian problem.

When the question of the sea-level project for the Panama Canal was presented to the Congress in 1947, his definite views, vigorously expressed, served to prevent hasty action. Thus, the committees of the Congress were able to delve more deeply into that controversial proposal and its far-reaching implications.

On that committee one of his ablest colleagues was the late Representative Schuyler Otis Bland, of Virginia, who was then the senior minority member of the committee and its former chairman. He and Captain Bradley recognized each other's great abilities and formed an effective team, particularly as to canal matters.

When leaving the Congress in 1949, Captain Bradley passed on to Judge Bland and others the results of his canal studies. Thus, the 81st Congress, under the guidance of Judge Bland, who then resumed his chairmanship of the Committee on Merchant Marine and Fisheries, was able to carry on its work on the Panama Canal without discontinuity. As the member of that committee designated by Judge Bland to be chairman of a special subcommittee to investigate the operations of the Panama Canal, I was one of the principal recipients of Captain Bradley's teachings. We had many consultations.

The highlight of these was a presentation on the subject of the Panama Canal in the Navy Department, arranged at the suggestion of Captain Bradley by the Secretary of the Navy. By means of canal operational exhibits and terrain models, Captain Bradley explained the problems of ship transit and what is required for their solution. A distinguished engineer with Panama Canal experience, who was also present, described the principal engineering questions, which are fundamental in its consideration.

The lessons derived from those particular discussions were of immeasurable value to the subcommittee. They helped to clarify much of the fog of confusion that has featured so much canal debates, and helped to start the investigation along a path that overcame obstacles.

Captain Bradley made two notable addresses on the Isthmian question. The first, delivered on April 19, 1948, before the Cosmos Club, of Washington, is entitled "What of the Panama Canal?" CONGRESSIONAL RECORD, volume 94, part 10, page A2449. The second, made on February 24, 1949, before the Engineers Club of Washington, is entitled "The Whys of the Panama Canal," CONGRESSIONAL RECORD, volume 95, part 12, page A1303.

These two addresses are among the finest pronouncements on the canal question in the records of the Congress. As such, they are must reading for all who wish to go deeply into the canal subject, and are especially commended for study by the committees of the Congress.

Benefits to Little Taxpayers by Republican Tax Revision

EXTENSION OF REMARKS

OF

HON. DANIEL A. REED

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, February 25, 1955

Mr. REED of New York. Mr. Speaker, by eliminating wasteful, duplicating spending, the Republican 83d Congress, with the backing of the Republican administration, has made possible the largest tax reduction in the history of the world. Since we took over as majority party in Congress in 1953, the tax savings to the American farmers, consumers, and businessmen have been at the rate of $7.4 billion per year.

Today, however, I would like to talk not about the great accomplishment of the Republicans in the field of tax reduction, but about what we have done in the field of tax revision.

The bill which I introduced and which the President signed on August 16, 1954, is the most monumental legislative undertaking ever attempted in any legislature anywhere in the world.

This 900-page Republican law cuts away the overlapping, unfair, and useless provisions of the Internal Revenue Code which had grown up piecemeal under successive Democratic Congresses. It corrects countless inequities which had been permitted to work against some of the most deserving groups of our taxpayers, such as farmers, retired old people, widows, widowers, working mothers, and those burdened with high medical expenses. And it closes innumerable loopholes in the old tax laws under which unscrupulous taxpayers were able to avoid their fair share of tax burden.

Work on this bill started in 1951 when, in anticipation of a Republican victory in 1952, I instructed my staff to prepare a questionnaire to be sent out to representative farmers, consumers, workers, and businessmen, asking them for their suggestions as to how our tax laws could be improved. The response was astounding. Over 15,000 taxpayer suggestions for improvements in the Internal Revenue Code were received. In addition, groups of leading tax experts throughout the country were organized to study specific problem areas in our Federal tax structure.

The Committee on Ways and Means conducted public hearings on 40 different topics of major importance in connection with general tax revision. In the course of these hearings the committee heard testimony from over 500 witnesses. The committee and its staff then gave intensive consideration and study to the vast material which it had thus obtained. President Eisenhower and the staff in the Treasury Department endorsed this great task. In fact, the President has referred to it as the cornerstone of his legislative program. It has been estimated that over 500,000 man-hours have been spent on the bill.

Of course, I cannot summarize, today, the over 3,000 independent tax-law changes which the bill makes in our tax laws. I would like to give you just a few examples of the kind of thing that it does.

First, it permits a parent to take a $600 deduction for a child whom he supports, if the child is under 19, or is attending school, or is receiving on-the-farm training, or is going to college, regardless of the child's earnings. Number of taxpayers benefited, 1,300,000. Saving to these taxpayers, $85 million.

Second, it permits farmers to deduct up to 25 percent of farm income for soil and water conservation. Number of farmers benefited, 500,000. Saving to these farmers, $10 million. In addition, farmers are benefited by provisions which permit more rapid writeoff of the expense of farm machinery equipment and construction and which remove the tax on the sale of diseased cattle.

Third, retired persons 65 or over will be exempt on all retirement income up to $1,200, with tax saving up to $240 per person. In addition, of course, to their personal exemptions. Over one and one-half million of our retired schoolteachers, firemen, policemen, and civil servants and other senior citizens will be benefited by this provision. Tax saving to them, $141 million.

Fourth, under the bill medical expenses can be deducted when they exceed 3 percent of income, instead of 5 percent as under prior law. Thus under the new tax bill a family with $3,000 of gross income, and medical expenses of $150, will be able to deduct $60. The same family would not be able to deduct anything under the old law. In addition, the bill doubles the present maximum limit on the amount that can be deducted for medical expenses. Eight and one-half million taxpayers will be saved $80 million by this provision.

Fifth, the bill gives working widows, widowers, and mothers a tax deduction of up to $600 for child care expense. Two and one-tenth million taxpayers in the low-income group will save $130 million as a result of this provision.

Sixth, the bill exempts all death benefits up to $5,000 paid by an employer to the widow or other beneficiary of the employee.

Seventh, the bill gives some relief from the double taxation of dividend income. It does this by excluding from the taxpayer's income the first $50 in dividends. A 4-percent credit on the amount of dividend income over $50 is allowed. This is an election year and the Democrats have seized on this provision in an attempt to claim that it is designed to benefit the rich. They neglect to point out that among Americans who own stock are 2,130,000 housewives; 20,000 sailors, soldiers, and marines; 210,000 semiskilled workers, 320,000 farmers, 410,000 factory workers, 590,000 clerical workers, 250,000 small shopkeepers, and 200,000 salesmen.

Of the 4,750,000 families who own stock in public corporations those with income of $5,000 a year or less own about one-third of the stock. These include 200,000 families with incomes of $2,000 or less.

The Democrats neglect to point out that even under the new tax bill the total income tax on the single man who has wages of $3,000 per year would be $300. If the same man had made this amount of money in a corporation and had received it in dividends instead of wages the total income tax paid thereon would have been $1,568.

The Democrats also neglect to point out that almost all civilized countries provide relief from the double taxation of dividends far greater than that in the new law. Canada, for example, provides a 20-percent tax credit for dividend income—five times the credit in the new bill. Incidentally, one of the results of this Canadian tax credit is that new capital has been flowing into Canada at a tremendous rate, creating jobs in that country which otherwise might have been made available in the United States.

In addition to these benefits, the new law will save taxpayers $25 million in increased allowable deductions for charitable contributions; $10 million in deductions for interest on credit purchases and $10 million in more equitable taxation of pensions and annuities.

In addition to removing countless inequities in the taxation of individuals, the new Republican tax bill removes tax shackles which have impeded the growth of our economy. Thus, the bill will permit the more liberal writeoff of the cost of new equipment through the depreciation allowance. For example, in the first year of life of the new equipment the taxpayer will be able to write off twice the amount now allowed. This provision represents savings to taxpayers of $375 million, of which seventy-five million represents savings to individuals, such as farmers, shopkeepers, and salesmen.

Of course, in the long run there will be no net loss of revenue to the Government from this provision since by accelerating the depreciation deductions these deductions are simply shifted from later to earlier years. However, the provision will mean thousands of jobs and better products at less cost.

Other aids to business found in the new tax law are as follows: Tax accounting rules are brought into harmony with business accounting.

The law will ease for small business the penalty tax on certain accumulated earnings which are retained for legitimate business purposes in the corporation.

The law will give to small-business men favorable tax treatment in the deduction of expenditures for research and experiments designed to create new products and new jobs.

I have listed only a very few of the important changes in our tax laws made by the bill. All in all, the new law contains $827 million of tax relief for individuals and $536 million of tax relief for business. However, since the new law also extended the present 52-percent corporate income tax for 1 additional year, it will bring in an additional $1.2 billion from corporations. This increased tax on corporations practically pays for all the tax relief granted so that the net cost of the bill to the revenue will be only $163 million.

I hope I have said enough to show that the new Republican Internal Revenue Code will create more jobs, will help farmers and workers, as well as business, will promote the technological development needed for defense, and will provide more goods and services for all our people.

It is a blueprint for a better and more prosperous America.

The Late Pete Jarman

EXTENSION OF REMARKS

OF

HON. JOHN W. McCORMACK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, February 25, 1955

Mr. McCORMACK. Mr. Speaker, the Honorable Pete Jarman, an illustrious Member of this body from 1937 until 1949, and my esteemed friend and valued colleague, died on February 17 at the age of 62.

Pete Jarman represented the Sixth District of Alabama with courage, charm, and political know-how. He has been called a Congressman's Congressman. We can point with pride to his confident support of our foreign policy and the ability he had to draw others to him.

He was born in Greensboro, Ala. After graduating from the University of Alabama he tutored under his father in the probate office of Sumpter County. When World War I came he attended the first officers' candidate school at Fort McPherson, Ga., and went overseas as a first lieutenant. He returned February 2, 1919, having been wounded in France.

In 1931 Mr. Jarman became secretary of state for Alabama. Four years later he was named assistant State controller. Elected to the United States House of Representatives in 1937, he served until 1949.

President Truman named Pete Jarman as Ambassador to Australia in 1949. He left that post in 1953 and retired.

His interest and membership in worthwhile organizations reads like a cross section of American life. He was commander of the Department of Alabama, American Legion, in 1927–28. In 1947 he was elected president of the Jefferson Island Club, which drew its membership from members of the Democratic Party, and dedicated itself to the political principles of Thomas Jefferson.

Pete Jarman regarded his constituents as "the finest, the best, the kindest people of the world." He was one of them. He shared with distinction the responsibilities of our House Foreign Affairs Committee. His duties he regarded as a sacred trust.

I believe the finest tribute I can accord our deceased colleague is to repeat his own words, given in this Chamber during his years of service:

> Congress is composed of men of common interests with the plain people as well as the mighty. * * * I have served all the counties of my district with regard for the advice and counsel of the citizens of them all, never having been controlled by any group. You also know I never will be * * * To serve my country, my district, my State, my Nation to the best of my ability has ever been my keen desire.

I rejoice that I was privileged to serve with Pete Jarman and welcome this opportunity to express my great admiration for him. I am certain you join with me in acknowledging a deep sense of personal loss in his passing.

The family life of our late friend and Mrs. Jarman was beautiful, an inspiration for all to follow. They were always together, always sweethearts.

I extend to Mrs. Jarman my deep sympathy in her great loss and sorrow.

Let's Put America First

EXTENSION OF REMARKS

OF

HON. ANDREW F. SCHOEPPEL

OF KANSAS

IN THE SENATE OF THE UNITED STATES

Friday, February 25, 1955

Mr. SCHOEPPEL. Mr. President, I ask unanimous consent to have printed in the RECORD an excellent address delivered by the Senator from Indiana [Mr. JENNER] before the Dallas Public Affairs Club and the Committee of One Hundred, at Dallas, Tex., on February 14, 1955.

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

LET'S PUT AMERICA FIRST

(Address by Hon. WILLIAM E. JENNER, of Indiana)

It is always a pleasure for me to leave Washington and travel to one of our great States, to meet with the people there and to discuss our national problems. I believe fervently the strength of our Nation resides not in the Capital but in the vast expanse of our country. Empires are represented by, as they are governed by, their capital cities. Free countries are not divided into a capital city and the provinces which are ruled by it.

It is a special pleasure for me to come to Texas, because in my State of Indiana we still believe the United States is a Union of sovereigns, and our State is in every respect the sovereign equal of the Federal Government. There is no deference in Indiana to

the glamour and show which are now so evident in Washington. We believe that we, the people, govern the country, and Washington is the front office, part of the administrative headquarters. I am sure that doctrine will sound right and proper in the State of Texas.

It is a favorite argument of the collectivists that foreign policy is something remote and abstract, which can be understood only by experts who have spent years in the precincts of the State Department or on the staffs of certain daily newspapers. Congressmen, who have not had the benefit of long indoctrination in the mysteries, and you, who do not even breathe the air of Washington, are supposed to sit patiently and wait until the great minds have handed down what you may know.

Americans never accepted such nonsense. Our greatest diplomatic achievements were the work of laymen, who had spent most of their years in private life. In the last few years we have been bewildered and bemused by foreign relations experts in Washington offices, but the moment has come when the American people need to decide what kind of foreign policy they wish to stand for, and then tell our Government to follow it.

PRESIDENT EISENHOWER'S COMMITMENT TO THE FREE NATIONS

President Eisenhower's message on defense of the nationalist stronghold on Formosa will certainly be a landmark in American foreign affairs, but what kind of a landmark it will be is not yet certain.

First let us look at the documents themselves—the message of the President, and the resolution of Congress supporting the President's position.

In the words of the message and the resolution, the United States reaffirms its close ties with its loyal ally, the Nationalist Government of China, and makes a commitment to defend the Nationalist stronghold with American military power if the Communists carry out their threat to attack it.

This statement does not solve all the problems of our foreign policy in the western Pacific. There is no good reason why it should be. We have had 20 years of mismanagement of our activities in Asia. It is not reasonable to ask that any single statement clear away all the confusion.

The message is significant because it deals with the most important question. We have announced that we shall tolerate no new retreat in Asia. The Red Chinese will not be permitted to breach the frontiers of the still free world. We will make it clear that we shall meet Communist military action with military action, the only argument the Communists understand. We will not start the shooting, but if the Communists choose to start a war, we will finish it.

A foreign policy carefully worked out in many conferences, publicly stated on the authority of the Chief Executive, and supported by Congress and both parties, should be firm as a rock.

But I say to you, what you know well, that the foreign policy established in the Formosa papers is not firm at all. The fact that it is clearly stated in a Presidential message, and formally approved by the legislative branch, may mean nothing. It is wholly possible that we shall follow the opposite policy of appeasement of the Communists, surrender of our advantage, and a sellout of our loyal allies in Asia.

Why am I so certain that the wishes of the American President, the American Congress, and the American people, may be flouted?

TWO AMERICAN FOREIGN POLICY CENTERS

The reason is, briefly, that we have two lines of authority in foreign policymaking. One is the line of responsibility laid down in our Constitution and followed by all those who believe in our Constitution. The other is a network whose members deliberately disregard our Constitution, our President, and our Congress, and act as a law unto themselves.

The sad fact is that no public document, no formal commitment, no legal mandate, can determine American foreign policy today. Our fluctuating foreign policy is a tug of war between these two forces. It is an unsettled question which group will be triumphant in the struggle to shape our Nation's destiny.

We have seen again and again in the last two decades, that the foreign policy put forward in our public statements, is not the foreign policy carried out by our Government.

This is not because the American Government has suddenly become untrustworthy. That would be a most inaccurate statement of what has happened.

The reason is that the American Government is a two-headed monster. It is led by two different organizing centers. The never-settled question of which center is to determine our foreign policies has kept us in constant turmoil, and made us look futile and ineffectual before the world.

This conflict between two heads of our Government will not end until one or the other is wholly defeated, uprooted, and destroyed.

For years now our Government has been pulled in two opposite directions in making its decisions.

ONE CENTER IS PRO-SOVIET

The hearings of the so-called Tydings committee disclosed clear evidence, in spite of the whitewash, that a powerful and ruthless group were guiding our decisions to the advantage of the Soviet Union. This was not news. Committees of Congress had been making the same charge for years.

The Russell committee, which investigated the dismissal of General MacArthur, and investigations by the Senate Internal Security Subcommittee, showed that a secret faction in our Government had worked out its own foreign policy, to suit its own ends, and had by infinite skill, patience, and ruthlessness, put it into effect, regardless of the legally established foreign policy set by Congress and by our President.

Throughout all of 1951 and 1952 the Congress, especially the Senate, was engaged in a great debate to turn the light on this secret foreign policy and destroy its influence.

You know the achievements of this secret group.

After the defeat of Japan in World War II, our official foreign policy was to defend and strengthen the Nationalist Government of China. But the secret faction in our Government was determined we should support the Chinese Reds. In the name of the United States Government, they insisted on a united front government in China, with the Communist rebels retaining their own armed forces. Our representative gave the Reds a long cease-fire by which they could rest and re-equip their armies, and he set up an embargo on American bullets for the guns of the defenders.

Since 1950 we have had two policies for the Nationalist Government on Formosa. Our official policy was to support the legal Government and help rearm the Nationalist forces. Congress voted the money again and again as proper for our own defense. But the hidden faction in our Government intended that we should "disengage ourselves"—as the polite phrase goes—from the Nationalists. Their real policy for Formosa paralleled the famous advice of Owen Lattimore—to let Korea fall, but not let it look as if we pushed her. In December 1949—5 years ago—our State Department even issued instructions to its personnel abroad to show no regrets when the Government on Formosa fell—according to plan.

During the war in Korea we were ostensibly fighting to defeat the Red Chinese attackers. Our military leaders, our people, and I believe most of the members of the administration were loyal to that objective. But the invisible group had a different policy. They were determined to prevent military victory over the Reds. They intended to return by force the Chinese prisoners of war who did not wish to go back to Communist China, as they returned the hopeless refugees in Europe after 1945. They intended to leave North Korea a wasteland, occupied by Red troops who could infiltrate South Korea at will and descend at a moment's notice on free Korea with armies rested and reequipped.

The secret group won every objective except the return of the pitiful prisoners of war, who were saved by the insistence of Congress and the unremitting determination of our military leaders.

The same double purpose can be found in our German policy, in Austria, in Italy, in Greece, and in the tragic surrender of all Eastern Europe to the Soviet Union.

The public policy of the United States, which has in almost all instances denounced conquest and supported the independent peaceful nations, has faded away. The secret policy of the faction so friendly to the Soviet Union has in almost every instance been triumphant.

Our public policy of resisting communism has succeeded only in Turkey, and to a limited extent in Greece. But Secretary of Defense Forrestal, who was determined to block the Communist advance, and who won over President Truman, was driven to an early grave. His hard policy of armed resistance to communism was replaced by the soft policy of economic aid to Europe.

From 1945 to 1952 the power of the Soviet Union spread east and west, until it covered one-third of the world and put millions of people in bondage. The conflict between freedom and slavery was not lost in Asia or in Europe. It was lost in Washington, because the little group in our policymaking which favored the Soviet Union was stronger than the people who believed in a pro-American policy.

ITS PROGRAM IS DEFEAT OF THE FORMOSA POLICY

I say to you that the Eisenhower policy, for defense of the perimeter of the free world where it is threatened in the Formosa Straits, will be undermined, eroded, covered up, twisted, and made over into a policy favoring Red China, unless we learn our lesson, and deal with the realities of politics today.

Already erosion is apparent. We constantly hear it dinned in our ears that it is all right for us to defend Formosa, but very wrong to defend Quemoy and Matsu. That is as if the UN should say to the United States, "You will reduce tension with the Soviet Union if you give up Alaska, which is nearer the Soviet border than it is to the United States. The Soviet Union says Alaska belongs to it. It does not matter if you need Alaska for radar information, weather information, and early warning of threatened attack. You must give up Alaska to the Soviet rulers so their tension will be lowered."

Another form of erosion is hidden in the warnings that Formosa really belongs to Japan, and so it is all right for the United States to intervene, but Quemoy and the Tachens belong to China, and therefore, if we defend the coastal islands, we are threatening Red China. That argument omits the minor fact that we are not threatening the Reds. They are threatening us. They cannot get the coastal islands except by conquest. They have already tried and failed. It is they who talk of new conquests, not we.

A third form of erosion is the attempt to get a cease-fire in the United Nations. A cease-fire would tell the Nationalists they could never win back their own country. That would be like telling George Washington he could have a cease-fire if he would

remain in Valley Forge, but make no effort to reconquer New York, or Philadelphia, or Yorktown.

A cease-fire would free the Red armies for a new attack on Indochina.

A cease-fire would give further recognition to the Red Chinese. It would tell the desperate people on the mainland they had no hope. It would tell the people of Poland, the Balkans, and East Germany, that the United States had no interest in their fate.

Other pitfalls are the proposals to establish two Chinas, and sooner or later to put free China under a U. N. trusteeship. We know where that will lead. After Red China is safely installed in U. N. as a peace-loving nation, it will bring up the demand that Formosa be surrendered to it, and cite the Cairo declaration as proof we have already agreed to the proposal.

Perhaps the most serious threat of all is the recent report that our Government intends to ask other members of the U. N. to help us patrol the Formosa Strait. That would end all pretense of either a pro-American or an anti-Communist policy. It would mean another victory like Korea.

THE UNITED NATIONS MAKES NO COMMITMENTS TO FREEDOM

Whatever you make of U. N. in general, it should be possible to get agreement among all good Americans on a few facts. The Soviet Union is a member of the United Nations. So are her satellites. She has a permanent seat on the Security Council, with the veto power.

The U. N. has no commitments to support freedom. For every obligation to the free nations it has corresponding obligations to the Communist nations. Its staff includes a proportion of open Communists, but it also has a substantial number of secret Communists. The U. N. recently awarded large damages to some American fifth amendment Communists on its staff, who were dismissed only because of hearings held by the Senate Internal Security Subcommittee.

The U. N. is in the middle, seesawing between the free world and the Communist world.

The most favorable policy to us which the U. N. can adopt is neutralism. It is nearer to downright coexistence.

This is the minimum of undisputed fact about U. N. on which all Americans can agree. The U. N. is an agent of both Communist, anti-Communist and neutral nations. It has no justification for favoring the side of the free. It has never pretended to do so. Nowhere in the vast outpouring of documents that flows from the U. N. is there any commitment to freedom. The U. N. works for peace, for welfare, for one world. It does not pretend to work for liberty.

PRO-COMMUNISTS CANNOT BE STOPPED BY PAPERS

Why do I say that these proposals to soften up the Formosa resolution—so dangerous to the interests of the United States, so shameful a breach of our moral obligations—will probably prevail, in spite of the solemn commitment by the President and the Congress to a true American line of action?

The reason is this. A group of gangsters cannot be stopped by a written contract. A power group in government cannot be stopped by a state paper. A revolutionary junta, whose purpose is to take over the sovereignty, cannot be stopped by a resolution of congress. The only answer to a ruthless political-action group, determined to destroy the honor of America, is a political-action group determined to support American political ideals and defend the men in Government who are loyal to them.

We have talked loosely and superficially about this rival-power system. But talk is no longer good enough.

We have called the product the Acheson foreign policy. This dual control of foreign policy was operating in our Government as early as 1940 under Harry Hopkins. It operated under Dean Acheson, but it has operated just as effectively since he left. We have no reason whatever to think this group lost its hold because Mr. Acheson resigned. Everything we know indicates the contrary.

Who then are the people we are discussing? Where do they operate? On what foundation does their power rest?

THEY DO NOT OPERATE UNDER CONSTITUTIONAL RESTRAINTS

Part of our confusion comes from the fact that this group does not operate along constitutional lines at all. Our legal foreign relations staff works in the State Department, under the direction of the President, and within the policy framework laid down by Congress. But the extralegal foreign-policy-making conspiracy operates all over the lot. Like a cancer growing wild, it ignores all the restraints inherent in a healthy, well-balanced organism. This collectivist machine operates, in part, in the State Department, in part, in the White House Secretariat, in the super-Cabinet agencies of national defense, in the Foreign Operations Administration, in the CIA. But a substantial part of it operates outside Government. It may be found in the press, in the parties, in the colleges, in labor unions, in business, in the United Nations. The important point is that all the parts of this political machine are coordinated. They operate, as one, from some control tower we cannot see.

We have tried to blame our Presidents, the State Department, the party in power, for our failures in foreign policy. I am convinced we shall never recognize the octopus we have to fight until we realize it is not part of the legally established Government at all. It is a revolutionary junta, operating within our Government, and through our Government, but not for our Government, our Constitution, or our Nation.

What keeps this cabal in power, under Democratic and under Republican administrations? Why has it been impossible for three Presidents and many Congresses to demolish it? That is a long story but it can be summarized in three p's: pressure groups, propaganda, and pelf—that is, big spending.

You are going to ask me whether this group is entirely Communist directed. I doubt if our problem is that simple. This group has, we know, included Communist Party members and Communist agents, and may still include them. It includes Socialists, collectivist one-worlders, ambitious individuals greedy for power, willing in time of trouble to advance themselves at the expense of their country. It includes trimmers and collaborators who believe they can make deals with the unscrupulous, who think they can get votes or power or contracts or publicity, from the Communists, and then cast aside their temptors. It includes the innocent and the simple-minded, who love big words that have no meaning.

I do not know what proportion of these people are Communists, but I know for certain that everything they do is of benefit to Moscow, because it is directed by Moscow. The Soviet leaders are the most skillful people in the world today in the new political arts of propaganda, brainwashing, camouflage, and what I have called revolution by assembly line. We can save ourselves a great deal of time and thought if we realize one fact. As conditions are today, the Communist world revolution will control and use all the bits and pieces of collectivism, one-worldism, centralism, internationalism and all their variations. None of them will be helpful to us.

How are we going to redress the balance, and give strength to the vast majority of true Americans, so they can manage their own Government?

We must give up our reliance on legalism.

The pro-Communist, internationalist, collectivist foreign policy, with its favoritism for everything which helps the Soviet Union, has triumphed again and again because of the energy, intelligence, and determination of a self-directed elite. We fight this advancing army with statements, promises, papers and laws. We will never win until we oppose the collectivist political faction with resolute political action by men determined to put America first.

The pro-American group within our Government today is more numerous, abler, stronger, more devoted, than the collectivist group. It is supported by the vast bulk of the voters of both parties. Its weakness is that it is trying to win a debate under the rules of American political life. It should be fighting for victory over opponents who know no rules.

PRO-AMERICANS ARE UNDER ATTACK

We must know first the names of leaders of the pro-American group. You can find out who lead the American branch of our two-headed Government by the enemies they have made. The left-wing press and the collectivist collaborators are always ready to attack Secretary of Defense Wilson. They center much of their fire on Admiral Radford.

Khrushchev, speaking in Red China last fall, violently denounced Admiral Radford, and bracketed him with the Communist-hated Senators KNOWLAND and MCCARTHY. Isn't it significant that left-wing American columnists today follow exactly the line spoken by Khrushchev 4 or 5 months ago?

You remember this bloc did not exactly like MacArthur. They denounce the Senators who support the free nations of Asia. They criticize President Eisenhower if he dares cooperate with Republicans they have not recommended.

The collectivist press has not yet started to attack Herbert Hoover, Jr., who is now our Under Secretary of State, but it is a rule of theirs never to call attention to good people on our side until they have to. Assistant Secretary of State Robertson has escaped their attack for the same reason.

Today, pro-American officials have not one moment's security. They are constantly under attack, mostly by moves they cannot see. If you need a blueprint of how the collectivists keep dangerous anti-Communists under constant pressure, I suggest you analyze the series of moves which they employed to destroy Senator MCCARTHY, from the day in Wheeling, W. Va., when he tore down the curtain of censorship hiding the Communists in our State Department.

I tell you just such a subtle, complex, perfectly timed, secret campaign is already under way against the men who dared advise the President to resist the Chinese Reds. The strategy is worked out, and broken into steps. It will arise, spontaneously, from all directions. It will be echoed in all quarters of the world. The line is already apparent in the inspired British press and that of the Continent.

From a well-informed left-wing magazine I learn the shape of coming events. Once the U. N. is well in the picture the plan is to "build up enough pressure to make imperative the gentle liquidation of Chiang Kai-shek, and the establishment of true self-government for the Formosans under U. N. trusteeship." But, my friends, the Nationalists are not Formosans. Self-government will give the island to its prewar inhabitants. Can you see the Nationalist armies, driven from Formosan soil by a demand for neutrality, wandering like a ghost army about the world, as helpless as General Anders valiant Polish fighting men? Next we are told "binding multilateral agreements for the reduction of armaments are imperative." These agreements will bind us but not the

Communists. Finally we are told, "then the gamble that the President has taken will start paying off. The greater his success, the more likely he is to acquire the freedom of action he needs to (and I urge you to note) shed his most troublesome aides."

ONLY POLITICAL ACTION WILL SAVE US

The bloc which intends to destroy the true Americans in our Government is in action. Is there a bloc to defend the true Americans and drive out the secret enemies of our country? I am not urging you to help our friends in Asia. I am urging you to prevent the humiliating defeat of our country and everything it stands for.

You ask who are the leaders of the collectivist bloc. Who is taking Acheson's place today?

I can guess but I have no legal proof. Remember, the physician cannot have proof that his diagnosis is correct. He can get that only from the autopsy.

But I want to point out one significant fact. We are never going to have legal proof, about the most dangerous enemies of our country. We will not be able to use what proof we have, when the culprit is close to the top. Attorney General Brownell and J. Edgar Hoover told us how FBI reports on Harry White, for example, were sent to President Truman, and his Cabinet officers again and again. We know President Truman and his top Cabinet members opposed promoting Harry White to the International Monetary Fund, in view of his record. But he was promoted.

Who could tell the President of the United States he must promote a known Communist collaborator? I have been told who was the person responsible but I have, so far, no proof. Shall we sit and do nothing, when we have political proof that some of our officials are selling out our country, merely because we have no affidavits of what was said in their secret conferences?

One thing we know. The Communists and their collaborators push their best men close to the top, because that is the safest place to be. No one could remove Dr. John from his job in Germany though more than one person knew he was disloyal. We may get the little traitors by assembling legal proof. We will never get the big ones, except by political counterattack.

The pro-Communist attack on our political institutions is political action. We must use political action to remove from public life every man or woman who is beholden to the Communists, or committed to a philosophy alien to our Constitution. We cannot wait until we see a party card.

POLITICAL ACTION WILL BRING ABOUT AN AMERICAN POLICY

We must also know American policy. It is all very well to know Communist policy, but it is more important to know American policy.

We must have a clear American foreign policy and a clear American military policy before we enter any conference with other nations in the United Nations or outside.

There is no harm in conferring with foreign governments, inside or outside of U. N. so long as we put America first.

Nationalist China has perhaps half a million men eager to fight for their independence.

Korea has courageous soldiers ready to fight on their own soil. Indochina can provide others, with American training. Altogether free Asia can furnish millions of troops eager to guard their sectors of the frontier of freedom.

Can we guarantee that no one in our State Department or FOA will hamstring the funds Congress has voted to arm them? Can we guarantee that agencies of our Government will not conspire to undermine Chiang Kai-shek or Syngman Rhee or Vietnam? If the great brains, who have abandoned newspaper work for pontificating, sow planned confusion or attack our pro-American leaders, are we ready to meet them with better newspapers, better writers, better radio and television programs, or, if necessary, by mimeograph machines in every block?

The Chinese Communists have started four wars in the last 10 years, with no penalty. The Red Chinese know they can never put down the Chinese on the mainland, while the Chinese on Formosa have an army. They will never be satisfied with less than total destruction of that army. They must destroy the armies of Korea and of Indochina. They count on the aid of their supporters in our councils.

Support of the armies of free Asia is American policy, as destruction of these armies is Communist policy.

The Communist regimes are weak and their people rebellious. The only strength they possess is the faction within the American Government which puts the Soviet Union first.

We must deal first with our own dual Government. If we will organize political action, to support the pro-Americans in our Government and in public life, the world conflict will soon be over. We can win true peace for all the world if we will gird ourselves to defeat the enemy within.

Accounting Provisions of the Internal Revenue Code of 1954

EXTENSION OF REMARKS

OF

HON. DANIEL A. REED

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, February 25, 1955

Mr. REED of New York. Mr. Speaker, in the course of its extensive overhaul of our tax system during the last Congress, one of the most widespread complaints received by the Committee on Ways and Means was that artificial divergences had developed between the computation of income for tax purposes and the computation of income for business purposes as determined under generally accepted accounting provisions. These differences were confined almost entirely to questions of when certain types of income and expenses should be taken into account in arriving at net income.

As a result, the new Internal Revenue Code of 1954 sought to bring the income tax provisions of the law into harmony with generally accepted accounting provisions and, as stated in the report of our committee, "to assure that all items of income and deductions are taken into account once, but only once, in the computation of taxable income." Sections 452 and 462 of the new code were designed to meet these objectives.

Under the prior law, payments received in advance for the use of property in future years or for services to be rendered in future years were includible in the income of the recipient in the year they were received. This was true regardless of the taxpayer's method of accounting. However, well established accounting procedures provide that, in the case of taxpayers on an accrual accounting system, payments for rentals, club dues, warehouse fees, and the like should be included in income in the year in which income is earned and in the year in which the related expenses are incurred. Obviously, this is not necessarily in the year of receipt.

As a consequence, section 452, in general, permits accrual basis taxpayers to defer the reporting of advance payments as income until the year, or years, in which, under the taxpayer's regular method of accounting, the income is earned.

With respect to deductions for expenses and losses incurred by a taxpayer, prior law provided that these deductions could be taken only when all events had occurred which fixed the fact and the amount of the taxpayer's liability. This rule, in many cases, was at variance with generally accepted accounting principles which require all determinable liabilities relating to reported income to be taken into account.

As a result, section 462 of the new code conformed the tax treatment of expenses more closely to general business treatment by permitting an accrual basis taxpayer to deduct reasonable additions to reserves for estimated expenses.

These two provisions, sections 452 and 462, were strongly advocated by the accounting profession of the United States. Each section was approved by the unanimous vote of both the Republican and Democratic members of the Committee on Ways and Means.

It has developed recently that there is a sharp difference of opinion between taxpayers and the Government as to the scope of these sections. The tentative regulations issued by the Treasury on January 22 in order to carry out the provisions of the law have come under strong attack as being too restrictive. For example, the tentative regulations would not permit a deduction for additions to reserves for estimated repair and maintenance expenses. Taxpayers have already served notice that they intend to litigate this restriction. Should they be successful in the courts, the revenue loss under the law would be far in excess of anything contemplated by the Congress.

In addition, the tentative regulations also require that the reserves which these sections permit for tax purposes must be shown on the regular books of the company which are used for statements of financial condition to stockholders. This requirement is also under attack although it would seem to be in line with the objective of the law to bring tax accounting into harmony with business accounting.

Therefore, it seems clear that many groups will seek an opportunity under these sections to receive tax benefits substantially in excess of anything anticipated by the Congress. If the present provisions remain in effect, extended litigation appears inevitable. As a result, I believe that the two sections in question should be repealed in order to prevent this type of uncertainty and to avoid possible taxpayer abuse. The Secretary of the Treasury has recommended this action. I have introduced a bill, H. R. 4726, to carry out this objective.

There is absolutely no question in my mind but that the objective which Con-

gress sought to achieve by these provisions was and still remains highly desirable. Tax accounting should not depart in an artificial manner from generally accepted principles of business accounting. Therefore, it is my earnest hope that this matter will receive further study with a view to solving the transitional problems which have occurred. Mr. Speaker, I am confident that effective and practical legislation along these lines can and should be developed.

Commission for the Study of the Civil Defense Problems

EXTENSION OF REMARKS

OF

HON. SAMUEL N. FRIEDEL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, February 25, 1955

Mr. FRIEDEL. Mr. Speaker, under leave to extend my remarks, I am inserting a letter I have written to the President in which I respectfully urge that prompt action be taken to establish a commission for a study of the civil-defense problems which have been brought about by the advent of nuclear weapons. The letter follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 25, 1955.

The PRESIDENT,
The White House,
Washington, D. C.

MY DEAR MR. PRESIDENT: Much has been said in the press this week concerning the possible establishment of a commission for a prompt study of the civil-defense problems brought about by the advent of nuclear weapons. In the light of the recent information released by various Federal agencies regarding the lethal affect of these nuclear weapons, I respectfully urge that immediate steps be taken to bring such a commission into reality.

Nearly 2 years ago, on July 22, 1953, I expressed my views on the civil-defense problem in a letter addresed to Mr. Sherley Ewing, director of the Maryland State Civil Defense Agency, a copy of which is enclosed. This letter, in which I expressed my belief that we have an obligation to make available to our citizens all information (within security limits) which will alert them to the peril created by these nuclear weapons, appeared in the CONGRESSIONAL RECORD of July 24, 1953. At that time I urged that more effective civilian defense precautions be prepared and tested.

I do not believe that Members of Congress have been kept as well informed as security would permit concerning the horror flowing from the use of nuclear weapons, and certainly the average citizen has been kept even less informed.

As a result of the series of explosions now taking place in Nevada, I have been receiving quite a bit of mail from my constituents in which many of them express, for the first time, their great interest and alarm.

I believe that recent disclosures of information with regard to the hazards from fallout and other affects of nuclear explosions should be encouraged, and even expanded, within the limits of national security. I also believe that the Federal Government ought to make realistic appropriations for use at the Federal level and for grants to State and local governments on a matching basis, in order to bring our civil-defense preparations and activities to a level where, if and when needed, the citizenry will be protected.

I heartily endorse your recommendation to appoint a commission to study the problems of civilian defense. I again urge that this action be taken immediately.

Respectfully,

SAMUEL N. FRIEDEL.

The Soybean Industry

EXTENSION OF REMARKS

OF

HON. E. C. GATHINGS

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, February 25, 1955

Mr. GATHINGS. Mr. Speaker, the soybean industry, and specifically the growers of soybeans in the Midsouth, are threatened by a proposal of the Department of Agriculture to reclassify certain varieties of beans.

This matter is rather complicated in its ramifications, and for the benefit of the Congress I would like to call to the attention of the Members several letters written on this proposal.

On February 14 the Department called a meeting of soybean growers in Memphis, Tenn. Herewith is a letter which I wrote to Mr. J. E. Barr, Chief of the Inspection Branch of the Agricultural Marketing Service Grain Division:

FEBRUARY 10, 1955.

Mr. J. E. BARR,
Chief, Inspection Branch,
Grain Division,
Agricultural Marketing Service.

DEAR MR. BARR: I am writing you in reference to the series of meetings you are conducting throughout the country concerning a proposal to define or classify soybeans with green seed covers, which in cross section are yellow, as green soybeans.

The growers in the section of Arkansas which I represent have been growing Ogden Lee, and Dortchsoy beans, all of which have a yellow meat but a green cast on their coats.

Such a reclassification, I am informed, would cause such beans to be labeled "mixed" and, as such, would sell for less. In addition, I am advised, they would receive a lower loan rate, and growers and producers would have greater expense of handling.

From information here in Washington, it would appear that there is some belief that within a few years these varieties will be replaced by others which have been given some trial in other sections. If this is true, I would be interested in knowing if sufficient trial has been given to assure that these new varieties will replace the beans now being grown in this section. This would, in a short time, eliminate the need for a reclassification.

Such action would prevent added economic difficulty to these growers and would solve the problem within a short time. For this reason, I am writing to suggest that any action to reclassify be deferred until it can be determined that these new varieties will be of commercial value to our growers and they can begin to switch over to these new varieties.

I will appreciate your placing this in the record of the meeting to be held in Memphis on February 14.

Yours very sincerely,

E. C. GATHINGS.

At the Memphis meeting, Mr. W. H. "Bill" Wyatt, of Blytheville, Ark., made a very fine statement relative to this reclassification, and for the information of the Congress, I wish to include Mr. Wyatt's full statement:

TESTIMONY AT MEMPHIS HEARING, UNITED STATES DEPARTMENT OF AGRICULTURE, ON CHANGES IN OFFICIAL STANDARDS FOR SOYBEANS, FEBRUARY 14, 1955

I am W. H. "Bill" Wyatt, of Mississippi County, Ark. As a member of the board of directors, I'm representing the Arkansas Farm Bureau Federation at this hearing.

Let's consider first the proposal to "define or reclassify soybeans with green seed coats, which in cross section are yellow, as green soybeans, instead of yellow soybeans as at present."

On the face of it, that seems to be all right since green soybeans and yellow soybeans now carry the same CCC loan value and both may be traded on the board. But on a closer analysis we find this to be entirely false as far as our Ogden soybean is concerned.

We called in C. A. Silas, of Woodson Tenant Laboratories, and asked for a description of the Ogden bean. This is what he said: "Ogdens are now classed as yellow beans. The proposed change would force them into the 'mixed bean' classification, because Ogdens are neither green nor yellow by seed coat analysis alone."

Keith Bilbrey, county agent, added, "The green pigment is variable and unstable depending on the age of bean and length of exposure to sun rays before harvest. So, because some of the Ogdens bleach out to yellow, they could no more be classed as green than as yellow. The dangerous consequence is that nearly all the highest producing soybeans in the South would automatically be classed as 'mixed beans.' "

This is supported by the definition on page 69 of the Official Grain Standard section (g) "Mixed Soybeans—Mixed soybeans shall be any mixture of soybeans which does not meet the requirements for classes, yellow soybeans, green soybeans, brown soybeans, or black soybeans. Bicolored soybeans shall be classified as mixed soybeans."

What does this mean pricewise to the producer?

The 1954 CCC Grain Price Support Bulletin Supplement 2, Soybeans, said: "The support rates for soybeans of the classes, black soybeans, brown soybeans, and mixed soybeans shall be 25 cents per bushel less than the support rates for the classes, green soybeans and yellow soybeans."

Mixed beans may not be tendered on the board, could not be hedged, and could not be delivered.

The American and world markets have accepted the Ogden bean for 10 years, with no complaint that we have ever heard of before. Why the suggested change now? It would be a calamity to the South. A tremendously unfair and discriminatory act.

Southern production in 1951

	Acres	Bushels per acre	Total
Arkansas	607,000	20	12,140,000
Alabama	88,000	18	704,000
Georgia	21,000	10.5	211,500
Kentucky	130,000	19	2,470,000
Louisiana	38,000	17.5	665,000
Mississippi	425,000	13	5,525,000
North Carolina	309,000	16.5	5,098,500
South Carolina	83,000	12.5	1,037,500
Tennessee	183,000	17.5	3,202,500
Virginia	166,000	18	3,004,000
Missouri [1]	420,000	20	8,400,000
1951 total	2,470,000		42,458,000

[1] Assuming ½ of Missouri's production in the Ogden area.

(1951 figures were used because they are nearest to, but under anticipated production in 1955).

Surely it is fair to guess that 80 percent of all southern beans are Ogdens. Mississippi County Arkansas' percentage will run 90 percent Ogdens.

Eighty percent of the 1951 production would be 33,966,400 bushels.

If you force Ogdens into a "mixed-bean" class, then by 1954 loan standards, you would be saying to the world, "The South's 33,966,400 bushels of Ogden soybeans are worth $3,491,600 less than the same number of yellow soybeans." And there would not be a word of truth in it.

And, by reclassification, the American market might start discrimination in price also, and for no reason, except promoted by Government classification.

We believe any foreign buyer can get strictly yellow soybeans from Northern areas for their limited needs without hurting them and without totally wrecking our economy.

Then there is extra danger: We fear the idea would "snowball" and others would start demanding strictly yellow beans.

We are against the proposed change in classification of Ogden soybeans from the cross-section analysis to color of skin coats. If the United States Department of Agriculture can show us just cause why they should be changed, then time must be allowed to develop a comparable yielding yellow bean for the South. In other words, we want no change now.

Likely lowering of support price for 1955 crop from 80 percent down to 70 percent may be tragic enough: $2.22 down to $2.04 if the market follows.

A conservative estimate of 4 or 5 million bushels crop in Mississippi County, Ark., alone in 1955, at 20 cents per bushel less would be nearly a million dollars to that county alone.

The United States survey shows 99 percent of Arkansas farmers sell less than $25,000 gross annually. All our farmers grow soybeans with cotton controls on. This thing would affect all of us.

This proposed change would only concern the South as the Ogden bean is not grown in cooler climate and since the crushers find the oil content of the Ogden as high or even a little higher in some instances and since the cross-section of the Ogden is as yellow as the purely yellow-coated beans, the 58,000 members of the Arkansas Farm Bureau Federation respectfully request that no change be made in the classification of the Ogden soybeans.

Concerning the proposed revision which would decrease the maximum limits of foreign material by 1 percent in each grade, we, as producers, after much consideration, cannot see that this will benefit us in any way.

Last year nearly all buyers bought the No. 1 grade, which as it now stands limits foreign material to 2 percent. If these buyers plan to return to a No. 2 grade for basis of purchase under the proposed change, they are still allowing the 2 percent foreign matter. What is to be gained?

Grading at its best, as far as foreign materials are concerned, is far from accurate. No two graders can probe the same load and come up with the same foreign matter percentage.

Going a little further into this, I checked the grades on two carloads shipped January 27, 1955, by Farmers Soybeans Corp., of Blytheville, Ark. Here are results of three different peoples grading.

	Woodson-Tenant Laboratories	Memphis Merchants Exchange	U.S.D.A. Federal appeal
T. W.	56	56.0	56.0
F. M.	4.0	2.5	2.7
Splits	18.0	19.0	20.0
Damage	3.9	2.9	4.0
Moisture	14.1	14.3	14.3
T. W.	56	56.0	55.5
F. M.	2.8	2.0	2.0
Splits	19.0	21.0	22.0
Damage	4.2	3.0	4.0
Moisture	14.0	13.9	13.9

You will note the difference in the grades especially, even in the last two when the car was in Memphis and did not move. Because of this inability to accurately determine the exact amount of foreign materials in a load of beans (and the difference is much greater on a farm truckload because the beans have not been blended) it is dangerous and injurious to producers for this grade schedule to be too strict.

Until a better means of grading is found or until the country elevators and local buyers will use their cleaners and weigh the foreign material, or until a premium is paid for better grades as in purchase of cottonseed, we would hesitate to approve any tightening of the United States soybean standards.

We do not want to be shortsighted and lose our export market.

We are interested in improving and delivering a quality product as are other interested groups such as the American Soybean Association. If a 5/64 round-hole bottom screen is put into use in order to remove the chipped beans from the foreign material count, we will support the proposed revision which would decrease the maximum limits of foreign materials by 1 percent in each grade.

As to the other proposed changes, they are minor as far as the farmer is concerned compared to the aforementioned proposals, but most of the argument of foreign matter will relate.

In addition to Mr. Wyatt's remarks, two other excellent statements should be presented to further emphasize the seriousness of this proposal. Mr. G. A. Hale, of the Hale Seed Farm of Burdette, Ark., has pointed out a very definite objection to this proposal, and his letter addressed to the Director of the Grain Division follows:

HALE SEED FARMS,
Burdette, Ark., February 15, 1955.

DIRECTOR, GRAIN DIVISION, AGRICULTURAL MARKETING ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE,
Washington, D. C.

DEAR SIR: After attending the very efficiently and fairly conducted hearing in Memphis yesterday, I wish to submit to you my comments on one of the proposed changes in the present classification of soybeans by your Division: namely, the classification of soybeans with green seed coats but yellow in cross section as green soybeans.

As a breeder, tester, and producer of soybean varieties for the Cotton Belt since 1942, I am of the opinion from the remarks made by your representative and others at this hearing that they do not fully appreciate the reasons why southern soybean growers are opposed to classifying the Ogden variety and its selections and possibly the new Lee variety, when grown under some conditions, as green soybeans.

Commercial, State, and Federal soybean breeders in the South have been cognizant of the desirability and the possibility of breeding a completely yellow, full-season soybean variety to replace the Ogden variety and its selections, which we realize have several undesirable characteristics. To date no breeder has succeeded in producing a widely adapted all-yellow variety with the maturity date and high yield of the Ogden-type soybean. All of the adapted, available yellow varieties, with the possible exception of the Lee variety—which has some green coloring when grown under some conditions—and which is not adapted to the northern part of the Cotton Belt, yield from 10 to 40 percent less than the Ogden and its selections according to tests made by our State experiment stations in cooperation with the United States Department of Agriculture.

It is the opinion of all the growers and buyers of soybeans that I have contacted in this section that, if the proposed change in the classification of the Ogden-type soybean is made, this change would likely result in southern growers getting lower prices for the bulk of their soybean crop. Our only recourse to this condition would be to switch to the growing of less productive all-yellow varieties. This change would be impossible until we have time to increase the present inadequate seed supply of these varieties to the volume required to plant most of our acreage.

As a soybean grower, I appreciate the clear and enlightening presentation of the reasons why the Department of Agriculture has proposed the change in the classification of the Ogden-type soybean. It is doubtful if all of your problems would be solved by changing your method of grading so that our Ogden-type soybean would be classed as a green soybean because of the fact that the green coloring in the Ogden seedcoat will fade and the coat will be yellow under some conditions. The seed analyst of the Arkansas State Plant Board, Little Rock, Ark., which is the official seed-certification agency of Arkansas, has difficulty in determining whether or not even our registered-grade Ogden-type soybeans are pure as to variety because of the unstable color of the seedcoats.

Until soybean producers can develop and growers can increase an all-yellow soybean variety that is as good as the Ogden and its selections to replace it and until an accurate method of classifying soybeans with green seedcoats but yellow cotyledons such as the Ogden and its selections, which are very unstable in color, is devised, I am opposed to a change in the present classification because I do not think a change at this time would be to the best interest of any segment of the southern soybean industry.

Thank you very much for the opportunity to present my views.

Respectfully submitted.

G. A. HALE.

With this should also be included the letter written by Mr. Paul C. Hughes, of Blytheville, president of the Mid-South Soybean & Grain Shippers Association. Mr. Hughes points out the economic circumstances connected with this proposed change:

MIDSOUTH SOYBEAN & GRAIN SHIPPERS ASSOCIATION,
February 17, 1955.

TO DIRECTOR, GRAIN DIVISION, AMA, UNITED STATES DEPARTMENT OF AGRICULTURE,
Washington, D. C.:

VIEWS OF THE MIDSOUTH SOYBEAN & GRAIN SHIPPERS ASSOCIATION OF THE PROPOSED REVISIONS OF THE SOYBEAN STANDARDS

1. On the proposed revision that would reduce the maximum limits of foreign material 1 percent in each numerical grade. As country shippers we are in the middle on this question as we only buy on the grade that we have to sell but as the growers as presented by the American Soybean Asso-

ciation and the processors thought their present buying practices went 2 percent foreign material in No. 2 soybeans, we see no reason why the change cannot be made. We do, however, urge that a study be made to see if some simple method can be found to separate true foreign material from the small broken pieces of soybeans that fall through an 8/64 round hole screen. Maybe the use of a smaller hole size such as a 5/64 would let enough of the small weed seed through and leave enough broken pieces on the screen to reduce the buildup of foreign material we now have in soybeans through handling. If such a method can be found we urge its use.

2. On the reduction of moisture we see no reason why the moisture in No. 1 soybeans cannot be reduced to 12 percent. However, we feel that no change need be made in the moisture of No. 2 soybeans as we have found that even in our humid climate 14 percent moisture soybeans can be stored.

3. We can see no reason why the change in splits should not go through if you in the Department feel that it would improve the soybean grading system.

4. On the proposed special limits on heat damage in each numerical grade, we are against such limits as they would work a hardship on all shippers. Today inspectors are having enough trouble determining total damage or just how much total damage a sample contains. However, if the Department feels that such limits should be put into effect, then heat damage should be more clearly defined. We suggest that it means soybeans that have turned entirely black or brown from heat. The present methods of saying that a small brown spot in the middle of an otherwise sound soybean is heat damage leaves too much room for human error and judgment for such narrow limits of heat damage as have been proposed by the Department.

5. On the proposed reclassification of soybeans with green seed coats that are in cross section yellow from the yellow class to the green class. We cannot say too strongly that we are opposed to this change. We have many reasons for being against the change. Here are just a few of them: 80 percent or more of the Midsouth soybean production would be affected by this change. No evidence was present at Memphis to disprove our conclusion that if the proposed change went through that 90 percent of our Ogden-type soybeans would grade as mixed. This was the case before the change in 1949. If they were classed as mixed in 1948 and before what new method has been developed to tell class by the variety predominate color and how could variety purity be proven? In other words how could an inspector tell the difference between a bleached Ogden and a pale S–100 to say that the sample was a mixture of green and yellow varieties or just a sample of Ogden-type soybean and therefore are classed green and just happen to have 10 percent or more that just happen to be faded yellow?

We recognized the Department's desire and the need to make a grade and class such that it will tell the buyer if he wants that certain quality or not. We agree that under the present standards for soybeans it is not always possible for the buyer to get just what he wants by buying a certain grade and class but as one of the speakers at Memphis pointed out No. 2 hard wheat does not always describe just what type of No. 2 hard wheat that a buyer wants. Therefore, a buyer will say that he wants Kansas or Texas No. 2 Hard Wheat and not Illinois No. 2 Hard Wheat. Today most buyers that need a yellow-coated soybean for their special products have found that they can get what they want by saying that they want a No. 2 yellow soybean from Illinois points or maybe Ohio. We feel that since the buyer can get yellow-coated soybeans by saying what he wants that it is not right to penalize the Midsouth that has no high yielding soybean that isn't mixed with green and yellow coats. We realize that you cannot sell a person for long something that he does not want so if it was not possible for a buyer to get yellow-coated soybeans without changing the standards we would not be opposed but as he can get yellow-coated soybeans leave the standards alone.

Respectfully submitted.

PAUL C. HUGHES,
President.

Mr. Speaker, from this brief outline of the facts it should be readily seen that this proposed change will work a great hardship on the South.

However, Mr. Speaker, in discussions with Mr. Barr and with Mr. Clyde M. Jackson, of the Grain Division, I have been unable to find a basis for this proposal.

I trust that the Department will abandon the reclassification plan. If it is put into effect the Southern soybean grower will be forced to sell his commodity at an appreciable smaller return.

The order should not be put into effect as it would work a severe economic hardship on a large section of the country.

America's Business Future

EXTENSION OF REMARKS

OF

HON. WILLIAM F. KNOWLAND

OF CALIFORNIA

IN THE SENATE OF THE UNITED STATES

Friday, February 25, 1955

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered at Youngstown, Ohio, last night by the Senator from Ohio [Mr. BENDER] dealing with the subject of America's business future.

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

I am very happy to be here with you this evening after the most strenuous 2 weeks I have put in since the campaign. In the last 10 days I have been talking to men and women all over the State of Ohio and in Pennsylvania. People sometimes ask me why I accept so many invitations and why I work so hard at my job. I can tell you the truth—I enjoy it. The more I see the people the more I enjoy it.

There is a great alertness in our country today. People are better informed on public affairs than they have ever been. They are often skeptical, but they are ready to listen to reason, and I think they have a real understanding of our country's basic problems.

Talking to you business and professional people, I know that I reflect the thinking of the overwhelming majority of the American people in what I am going to say. We have changed our country's outlook tremendously in the last few years. When all of us were a little younger our country's position was vastly different from what it is today. A generation ago we were a creditor nation, to be sure, but we had not yet realized all the implications of the position. Today, we have discovered what the British learned in the 19th century. The country which provides the world's financial foundations automatically assumes the responsibility of preserving these foundations.

This is, I think, the most important corollary of our new role in the world. Whether we like it or not, and many of us do not like it, a position of world leadership has been thrust upon us. I know that many of us would like nothing better than an opportunity to live our lives in peace and contentment. We have virtually all of the things we need upon this great North American Continent to provide for the needs of our country. If we were to stay at home, minding our own business, we would not require some of the raw materials which must be obtained from foreign sources for military forces.

If we could turn back the hands of time to the 19th century many of us would be far happier with our lot.

This is all a bygone dream. The world will not let us enjoy the luxuries of isolation. This last week a brigadier general of the Army told a group, over which I presided in Cleveland, that our entire system of military air defense is on a 24-hour 20-minute alert basis. Every military station in the country is prepared to go into action on 20 minutes' notice. This is a frightening prospect. But it illustrates the tension of the times in which we live. Today the expanding frontiers of science have compressed the world into a globe which is, figuratively, no bigger than a baseball. You can almost put your hands around it. Our means of communication can span the oceans in a matter of seconds. No one knows the exact speed of our potential guided missiles. Some of my scientific friends tell me that there is probably no theoretical limit which we can establish. Planes can already span our own country in a matter of 4 hours. If we can do these things, intelligence dictates the sobering knowledge that our possible enemies may do the same.

I say these things, not because I am fearful of the future, but because I believe sincerely that we sometimes think and react as if we could forget these facts of life. Often men and women who are confronted with the knowledge of something too frightening to contemplate, push it so far into the background that they lose all power of action. The Eisenhower administration has not made this mistake. Our President is a remarkable man. He has learned from long and bitter experience how to face a disturbing situation and how to live with it. When he relaxes it is only because he knows that he must do so in order to face the reality which he can never really escape.

There are people in our country who make a serious mistake of political judgment. Some of them have been writing me letters, declaring that they see no difference between the foreign policy of President Eisenhower and the foreign policy of President Truman. Nothing could be more erroneous. Truman and Acheson believed in waiting for the blow to strike. They did not anticipate. They did not plan. As a result, when the enemy did strike, in 1950, we were shockingly unprepared. Despite the fact that we had spent billions of dollars for defense purposes, our defenses in the Far East were grossly unprepared. Today that has been changed entirely. We are prepared for any emergency. We are not cocky. We have no chip on our shoulder. But, we are on the alert. More than this, our Secretary of State, acting under the President's direction, has taken the lead in organizing the free countries of Asia and the Pacific to meet any threat. For the first time in the history of the world, we are parties to an agreement in the Pacific. I want to call your attention to one of the specific terms of the Southeast Asia Treaty Organization. This provision declares that any of the countries involved may call for help from their allies to resist not only external agression, but also internal subversion. This is a most important development. In the past the Communist

technique has been simple. They have infiltrated governments. They have used native Communists to stir up discontent and when they were challenged, they invariably said, "This is an internal problem, and it is none of your business." This is not going to happen again—thanks to the foresight of our President and his administration.

There is another vital distinction between the policies of President Eisenhower and his predecessors. Mr. Truman told American military leaders that they could go so far and no farther. He told our fliers that if they are attacked they could pursue their attackers up to point X. And then turn back. He told one of the greatest living military experts that he could not attack—he could only defend. President Eisenhower has reversed this entirely. If any one fires at an American plane, on an American ship, or on an American soldier, we are going to fire back. The prestige and dignity of the American people will no longer be ignored and trampled into the dust without retaliation. I think our people are sick and tired of playing the Communist game. We know that if we give them an inch they will take a yard. If we give them a yard—they will take a mile.

These are by no means the only differences that I can see in the administration's program. Right here at home, our President is doing his utmost to cut wasteful, meaningless spending of the taxpayers money. We are reducing bloated Federal payrolls. We are trying to establish intelligent order inside the bureaucracy that has grown up over the years. This is not easy. It involves human beings and no public official enjoys the prospect of dismissing any employee. We can't help remembering that each one of them has a family—and a vote. But nothing that I have seen in public life comes closer to sheer downright political opium smoking than the latest stunt of the Democrats in Washington. For months they have been shouting to the high heavens about the reduction of military personnel by the Eisenhower administration. They have been crying for more public housing. They have been asking for Federal funds for everything they can think of. Now they want to cut Federal taxes by $20 for every taxpayer and every dependent.

This is the best political mousetrap since Ralph Waldo Emerson's. No one in public life ever wants to raise taxes and cut spending. Everyone likes to cut taxes and increase spending, but unless somebody repeals the law of gravity and finds a way to keep going up higher and higher without ever coming down, it can't be done. I do not believe the American people will buy this kind of political goldbrick.

Just what is my conclusion from all of these observations? I am—you might not think it from what I have been saying—but I am an optimist. If I were not, I could not be a Republican. I was an active Republican when some of my colleagues were in hiding. But I have faith in America and its future. Our country shares that faith. Every 24 hours in the last year our population, throughout the country, has increased by 11,000 people. Every 30 days we have added to our population a city the size of Syracuse. This physical fact alone is going to create tremendous needs—more housing, more schools, more clothing, more automobiles, more savings, and more opportunities. More and more people reaching the age of retirement will be enjoying their years of rest. There will be more money to spend, more time to travel, and better health to enjoy it. The same technical skills which threaten the extermination of the world today can be used tomorrow to assure our country of an almost incredible future. The atomic science that can throw hydrogen radiation to vast parts of the world can also fuel our factories, light our cities, and power every vehicle in the world. What we need is time—time to consolidate our knowledge—time to help mankind work out its destiny.

I am a man of faith. I do not believe that we are born into existence simply for our self-destruction. I believe that we have the intelligence and the judgment to prevent such a catastrophe. Certainly, here in America, we have the will to do so. With your help and with the help of the American people, I am sure that we will solve our problems, and that we will work together to create a world which will live and not die.

Public Power and the So-Called Partnership Program of the National Administration

EXTENSION OF REMARKS

OF

HON. RICHARD L. NEUBERGER

OF OREGON

IN THE SENATE OF THE UNITED STATES

Friday, February 25, 1955

Mr. NEUBERGER. Mr. President, early in February I was asked by the North American Newspaper Alliance to present my support of public power and my opposition to the so-called partnership program of the national administration. At the same time, Secretary of the Interior Douglas McKay was invited to state an opposite viewpoint on these vital issues.

I ask, Mr. President, that both of these statements, in fairness to Mr. McKay and myself, be printed in the RECORD.

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

SENATOR NEUBERGER DEFENDS PUBLIC POWER, STAND THAT GAVE HIM UPSET OREGON VICTORY

(EDITOR'S NOTE.—The junior Senator from Oregon, a Democrat, won an upset victory over Senator Guy Cordon, the incumbent Republican, in the traditionally Republican, Northwestern State. That victory, last November, gave the Democrats control of the Senate. The big issue in the Oregon campaign was public power. In this exclusive article, Senator NEUBERGER explains his position on this issue.)

(By Senator RICHARD L. NEUBERGER, of Oregon)

WASHINGTON, February 2.—The ending of the public-power program can only mean economic stagnation in many key regions of the United States. The TVA and Bonneville and Grand Coulee Dams have brought electricity to American farms, strengthened industrial payrolls and during the war helped to make possible the production of atomic energy and 50,000 planes a year.

Why did the Eisenhower administration, through Secretary of the Interior McKay, abolish so beneficial a program for what it calls "partnership?"

Under partnership, the Government will put up half the cost of dams and private utilities generally the other half. When the dam is built, the Government gets the fish ladders and locks and floodgates, which yield no revenue. The utility acquires the kilowatts from the powerhouse for a period of at least 50 years.

What is the purpose of this? Under the Federal program, power receipts have been pouring into the Treasury. The Government has invested $128,549,822 in construction costs and operating expenses for Bonneville Dam. Yet, after only 11 years of full operation, this project has put $48,825,958 in power revenues into public coffers. In fact, the whole Bonneville Power Administration, which markets energy from all Federal dams in the Northwest, has collected gross income of $370,565,589 through the sale of kilowatts.

Why end this program for a vague partnership which could benefit only the private utilities and raise the cost of power needed for western industrial development? It is significant, I think, that the administration proposes partnership for the magnificent hydroelectric sites along the Columbia River, but at the same time recommends fully Federal dams for the far less valuable sites in the upper Colorado Basin where electric-power output is less profitable. In other words, the power companies get the cream, Uncle Sam the dregs.

I have compared the partnership proposed by the administration to the building of a department store by two men. Each partner puts up half the money. After the store is erected, one man receives as his share the drinking fountains, revolving doors, fire escapes, and escalators. The other partner gets the sales counters. That describes the partnership scheme under which the Government would get fish ladders while the utility corporations take over the power-plants.

Actually, partnership has proved to be the label for an empty package. In the 2 years that the administration has been pushing the idea partnership has failed to get a single Northwest power project under way. The only tangible accomplishment has been a 2-year moratorium on Federal construction of the Big Priest Rapids project while a local public utility explores the feasibility of construction. Meanwhile, the specter of a severe power shortage in the area—with inestimable economic repercussions—moves closer to reality.

As long ago as 1908 two great progressive Republicans—Theodore Roosevelt and Gifford Pinchot—fought an historic battle to keep magnificent waterpower sites on mountain rivers away from what they then called the Power Trust. Contrast this with the desire of Secretary of the Interior McKay to give the great Hells Canyon site on the Snake River to the Idaho Power Co., a corporation which holds its annual meetings in Augusta, Maine, nearly 3,000 miles from Idaho.

The Idaho Power Co. would not develop the full power potential of Hells Canyon. Its rates are high, far higher than the Government charges through the Bonneville Administration. Long before this controversy began, the Corps of Army Engineers recommended in their famous 308 report the construction of a multipurpose Federal dam in Hells Canyon. Why reject this master plan for development of the Snake River?

The plan for full development of the Columbia River Basin, pioneered through the years by the Army engineers and the Bureau of Reclamation, is an engineering masterpiece. The plan calls for operation of dams throughout the basin in a unified system for maximum power production, flood control, irrigation, navigation, and protection of wildlife. This integrated operation increases efficiency and total use of the region's water resources. As a result, benefits from the whole river system—as a unit—become greater than the sum of its parts.

From the standpoint of conservation, Hells Canyon is of major importance. If it is abandoned to partial development by a private company, as sought by the administration, the multipurpose possibilities of the entire river system will be greatly reduced. Specifically, this will mean the loss of 3 million acre-feet of storage for flood waters, loss of about 500,000 kilowatts of electricity, loss of assistance to irrigation from power revenues, less navigation, and fewer recreation benefits. The shortsightedness of the administration in breaking up the river pro-

gram can be measured in countless millions of dollars.

I was born and raised in a region, the Pacific Northwest, where there is no coal, no oil, no natural gas. Our sole industrial fuel is falling water, water which flows to the sea for "as long as the sun shall set in the sky and grass shall grow on the hills," to use a colorful Indian phrase. In the first decade that the Government tapped the swift reaches of the Columbia River, where lurks almost half of the Nation's potential hydroelectricity, industrial payrolls in Oregon and Washington soared 329 percent. Think of the private enterprise, the tax revenues, the self-supporting families made possible by that great gain in factory employment.

By any conceivable test, public power has been a success. It has brought comforts to farmers, jobs to workers, profits for businessmen. Equally important, it is paying for itself. Grand Coulee Dam has had its full quota of turbines in action only since 1951, and yet $51,031,697 has been paid into the Treasury toward retiring an eventual power debt of $221,462,229. Under partnership a large portion of this income, instead of going to the Federal Government, would be preempted by the private power companies.

ROOM FOR BOTH PUBLIC AND PRIVATE POWER IN UNITED STATES, SAYS SECRETARY MCKAY—AIM: MORE POWER FOR PEOPLE'S USE

(EDITOR'S NOTE.—Secretary of the Interior McKay, at the suggestion of North American Newspaper Alliance, gives here a blueprint of the Eisenhower administration's policy on development of United States power resources.)

(By Douglas McKay, Secretary of the Interior)

WASHINGTON, February 6.—The partnership power program of the Eisenhower administration is not a question of public power versus private power, but whether there is to be Federal power, and Federal power only.

The idea of partnership is very simple. It is based on the concept of all the things that made this country what it is today—the greatest in the world. It is based on the pride that people take in initiative, in doing things for themselves.

In the 1952 campaign, President Eisenhower said at Seattle:

"We need resource development, and we need it on a river-basin basis. We need resource development, not to the limit of the whim of any administration in power, but to the limit of the capacity of the region to benefit. And to do that we need partnership to the limit of everyone's ability."

There is the blueprint of the Eisenhower administration's power policy. First, we want to give local enterprise—either public or private—a chance to develop its power resources.

But when the time comes when these agencies are either unable or unwilling to do so, then the Federal Government should step in and develop the power for the benefit of the people of the region.

Public power is here and it is here to stay. There are some who insist there is no place in this Nation for it. I do not agree. There is room for both public and private power and the job is to see that both are developed in a working arrangement which has but one goal—more power for use of the people.

There is one fundamental difference between those who support the partnership power policy and those who oppose it.

We who support it do so to move toward a goal of more actual kilowatts, not conversation kilowatts. More electrical power, not political power.

Here is what we mean by partnership.

We want local agencies, either public or private, to develop as much energy as they can. In some instances flood control, navigation, recreation, fish and wildlife, and irrigation come into the picture. In these instances we want to become partners in the project.

Three big partnership programs were approved in the 83d Congress. All were supported by Republicans and Democrats alike. In two instances Democrats introduced the bills for the projects.

So partnership is not partisan. I repeat, the disagreement is between those who want Federal power and Federal power only.

Here is how the partnership policy works.

Take, for instance, the big Priest Rapids Dam in the State of Washington, which will produce more than 1 million kilowatts. Here a public utility district, owned and controlled by the people in the area, wants to build the dam and have the Government build the navigation and flood-control features.

Congress approved the project and members of both parties joined. There are drillers now at work in that stretch of the Columbia River making test borings. It is a step toward the main goal—more power, not more conversation.

Take, now, the Cougar Dam in my home State. For years the Army engineers had approval of a flood-control dam on a fork of the McKenzie River. Then up came the city of Eugene, operating the oldest municipal power system in the State, and asked to become a partner in the project.

The city of Eugene wants to build the powerplant and pay for it and have the power available for the people in its area through the Northwest power pool.

A short distance away from Eugene is the Green Peter Dam site. Here the Government again has a flood-control project in which it plans to build a dam. A private power company offers to build the powerhouse and take the power through the Northwest power pool.

Senator KERR introduced and Congress approved a bill to permit a State-Federal partnership in the development of the Big Markham Ferry project in Oklahoma. That had been hanging fire for some time until the partnership idea led to its development.

Senators HILL and SPARKMAN, of Alabama, well known as public-power advocates, supported a proposal to deauthorize Federal development of the Coosa River in their State and permit the Alabama Power Co. to join in a partnership to get this project started.

So, you see that Democrats and Republicans alike in the Congress have joined in getting projects started. Power is needed all over the country and this is just a faster way to get it.

Just last month in my home State the partnership policy came up in the State house of representatives. It was in the form of a memorial to Congress supporting the Cougar Dam and Green Peter proposals. The vote was 44 to 16 for the memorial.

Mrs. Richard L. Neuberger led the fight against the partnership. There are 25 Democrats in the Oregon house but 11 of them supported the partnership. Three of the 11 were recently elected from the Hells Canyon area. So, you see partnership meets with approval.

On the main stem of the Columbia between the Dalles Dam and the McNary Dam is the proposed John Day Dam. Here a group of private power companies want to join with public agencies to build the powerhouse and then take the power. They will simply be paying for their future power supplies in advance.

Now, the argument that here the Government surrenders its revenue-producing feature is fallacious. The Federal Government has always borne the cost of flood control and navigation. So the Government will not assume any more costs than it would if it built the dam alone.

In Oregon the house of representatives asked Congress to approve the project, either as a partnership or an all-out Federal project. The Federal Government is not withdrawing from the power field.

The President's budget includes $20 million to enable the Federal Government to participate in 1956 in partnership developments. The President has also recommended legislation authorizing the Bureau of Reclamation to undertake construction of two comprehensive river-basin developments. These projects are beyond the capacity of local initiative, public or private. Both are needed for irrigation, power, flood control, and municipal and industrial water supply. These are the upper Colorado and the Fryingpan-Arkansas projects. They are vitally needed to conserve the water supply in the Intermountain States.

These projects are beyond the ability of the local enterprise, either public or private, because they covered large areas in several States and require amounts of money beyond the capacity of anyone to raise except the Government. They meet the administration's standards and are being supported.

But to say that all power development must be Federal—all dams, all river development—is to ask the impossible from the money standpoint. To federalize completely all electric power and have control from Washington of all water supplies and the land which depends on these supplies is such a program of bureaucratic control of America or of any region to which the people will never subscribe.

Accomplishments of the Eisenhower Administration

EXTENSION OF REMARKS

OF

HON. FREDERICK G. PAYNE

OF MAINE

IN THE SENATE OF THE UNITED STATES

Friday, February 25, 1955

Mr. PAYNE. Mr. President, the accomplishments of the Eisenhower administration in encouraging initiative and enterprise have not made headlines because they do not involve controversy and crises. But these unspectacular achievements of the past 2 years have been very important to every American. The quiet, undramatic progressive developments the Eisenhower administration is helping in America—without making sensational news—are important for the present and future of our people.

This point was made very clearly by Treasury Secretary Humphrey in an address at Philadelphia last Wednesday, February 16. I ask unanimous consent that this address be printed in the RECORD, so that all Senators may have a chance to read this accounting of the fiscal management of the first 2 Eisenhower years.

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

REMARKS BY TREASURY SECRETARY HUMPHREY, FOLLOWING RECEIPT OF THE 1954 WILLIAM PENN AWARD OF THE CHAMBER OF COMMERCE OF GREATER PHILADELPHIA, FEBRUARY 16, 1955, BELLEVUE-STRATFORD HOTEL, PHILADELPHIA, PA.

I am deeply honored to receive the 1954 William Penn Award of the Chamber of Commerce of Greater Philadelphia. It is a great privilege for me to receive this honor

as a member of President Eisenhower's administration.

I am going to talk to you tonight not as Secretary of the Treasury, not as a Cabinet officer, or even as a businessman who is now a bureaucrat. I will talk rather as a friend and fellow citizen and a taxpayer who shares with you the responsibility of good government, of keeping America the land of opportunity—the land where the economy of today must build for the economy of tomorrow by its wisdom, its soundness, and its farsightedness. We must build a world with more and better opportunities for our children and our children's children and not a world that will take opportunity away from them.

The problems and accomplishments I speak of tonight are the problems of every citizen, and the accomplishments are the work of all who, by their own efforts, have helped to build soundness and opportunity by hard work and honest endeavor.

I am going to talk to you tonight not of headlines, controversy, and crises, but of the quiet, undramatic, progressive developments that are going on all around us in America. There have been no headlines to tell you that more than 60 million Americans are working at jobs of their own choosing—jobs that they are free to leave or change if and whenever they so desire. There are no headlines to tell you that about 55 percent of the 47 million families in America own their own homes, that Americans have savings of $80 billion in life-insurance policies; almost $50 billion in United States savings bonds; and $25 billion in retirement pension funds. There are no headlines to remind you that stringent wartime Government controls no longer hamper or restrict the individual or the businessman. And there are no headlines to herald the stirring return of confidence of Americans in their Government, in each other, and in our ability and strength to do whatever may be required of us in any emergency.

I am even more encouraged to talk about these simple principles that have made our country great when I read over the list of names of those who have been previous recipients of the William Penn Award, showing that the Philadelphia Chamber of Commerce over the years has been honoring men who stand for the same principles of free, competitive enterprise and initiative which we now believe are basic to our American way of life—the way of life which has yet to be surpassed anywhere in this world of ours.

It has been a dedicated goal of the Eisenhower administration to keep alive and vigorous the priceless principles of free, competitive enterprise and initiative. But we must do more than keep them alive and vigorous. We must keep them growing and always developing the new things and the better ways of doing things which have made this Nation great.

What has been done in encouraging initiative and enterprise has not been sensational or dramatic. But it has been important to every American in his daily life. It is important to the standard of living of every American worker and his loved ones. And it is vitally important to the defense of all Americans against any possible enemy attack, for the power and strength of American industrial capacity is the very foundation of our security.

It is often true that "good news" is "no news" to attract public attention in the daily news outlets of press, radio, and TV. Yet the quiet, undramatic, progressive developments that are going on in America—without making sensational news—are important for the present and future of our people.

I have no quarrel with what makes news. I make these observations only as a reason for talking a little tonight about some of the constructive things that have been done during the past 2 years—important things which are worth mentioning because they do not draw the attention that controversy and violence do.

What are some of these unspectacular things that this administration has been helping to accomplish during the past 2 years?

The undramatic but steady and healthy progress which has been going on in this country has increased the confidence of all Americans in the possibilities of our future. This increasing confidence is the most important stimulant to the development of the strength of our Nation's economy, with the careful and quiet assistance of an administration which knows that Government can do relatively little except to help to properly set a stage upon which free vigorous Americans can perform.

Our Nation has made the transition from a wartime high to a lower level of Government spending without a major economic upset. This transition was helped substantially by heavy tax cuts and other moves stimulating confidence.

While there is still high tension in many places, there is no armed warfare between major powers at any point on the globe as of this moment. There is peace, uneasy as it is, as far as American fighting men are concerned. War in Korea has halted. War in Indochina has ceased.

The present improved relationships in many places throughout the world have been achieved by ceaseless and dedicated pursuit of solutions for the vexing and serious widespread international problems. It is a treacherous path. Bold risks must sometimes be taken, but success to date is high proof of the competence and wisdom of the policies which have been adopted in wrestling with this problem of preserving the peace and making it more secure.

Inflation has been stopped. In the past 2 years the value of the dollar has changed only one-fifth of 1 cent. This compares with a drop in the value of the dollar from 100 cents in 1939 to only 52 cents in January 1953. All departments and many people in Government have been working hard for, and insisting upon getting, our Federal spending under control. Deficits, which lead to more borrowing and so to inflation, have been cut substantially.

The Federal Reserve System has acted promptly, courageously, and wisely to adopt monetary and credit policies which have met the needs of the economy while walking the fine line between deflation and inflation. And the Treasury has done its bit in halting inflation, and avoiding deflation, by doing its borrowing so as to be as careful as possible concerning its effect upon the constructive course of the economy.

This is well illustrated by the issue and highly successful placement only a few days ago of nearly $2 billion in 40-year 3-percent bonds. They are the longest bonds that have been sold by the Government since an issue to help pay for the Panama Canal in 1911.

There is nothing academic about the importance of keeping inflation locked out. The value of earnings and savings can be protected in no other way. Just realize that 55 out of every 100 families in America now earn more than $4,000 a year as compared with only 10 out of 100 earning $4,000 a year early in the century in terms of today's prices. And recall the millions of owners of their homes, accounts in savings banks, savings bonds, insurance policies, and pensions, of which I spoke just a moment ago. Because this Nation has quietly become a nation of haves rather than have-nots, inflation must stay checked to protect the earnings and savings of millions of Americans.

We had a cash balance between money collected from the public and money paid out by the Government last year. Although we will not have a cash balance this year, we are estimating a small surplus in the fiscal year ahead. The total debt has continued to grow because of the large deficit we inherited in our first year in office and the subsequent deficits, even though they have been much smaller. But the inflationary effect of deficit financing has been almost wholly eliminated now that most of the increase in debt is being financed by securities issued to Government trust funds rather than borrowing from the public.

In fiscal 1956, spending will be almost $12 billion less than in 1953. We have not yet balanced the budget. We could have done so in 1954, but a big tax cut was more stimulating to a growing economy and we believed that it was better for the people to have more of their own money left with them to spend, as they thought best, rather than to have the Government spending it for them. We have cut the deficit from more than $9 billion in fiscal 1953 to what we estimate will be less than $2½ billion in 1956. We are still a year and a half away from the end of that period, and we have every hope of cutting this deficit even further if some development elsewhere in the world does not upset our plans.

There is nothing in the Formosa situation or elsewhere in the world which up to this moment has altered our budget program for reduced expenditures in the year to come. And reduced expenditures we make do not mean reduced defenses.

As the President has said, the United States is in a stronger position to defend itself against aggression than it was 2 years ago. The Defense Department has developed a better balanced, more mobile and flexible and effective defense establishment at lower cost to the taxpayers.

Progress has been made in reducing waste and extravagance. Obsolete equipment and supplies are being eliminated. There is much left to be done, but that does not alter the fact that much has already been accomplished. We have a far better balanced program. We are making progress in real unification in the armed services, so that competition between them is less likely to duplicate efforts and expenditures that squander both tax money and our national resources. Greater unity adds strength to our defense position.

We can and we must spend whatever is needed for our security; that is our first concern. But we know that real security does not result simply from spending huge amounts of money. The worth of our defense must be measured not by its costs but by its wisdom.

The President's decisions on our defense forces are recognition of the fact that in this age of almost unbelievable developments in science and production techniques, we cannot have a static defense committed to old-fashioned strategy and weapons. Real security for our Nation over an extended period must also rest upon a sound and growing economy.

As cuts in future expenditures all through the Government's operations come clearly into sight, and if at the same time our expanding economy promises greater income with lesser rates of tax, we will look forward to further reductions in our tax structure, distributed as fairly as possible among all taxpayers.

The expectation of further tax reduction and the maintenance of sound fiscal policies are firm foundation stones creating greater confidence in our future prosperity.

These, then, have been fine, worthwhile accomplishments for the good of the Nation, its economy, and its future. They have been accomplished without fanfare or sensational controversy. In the Cabinet and in the agency heads in this administration, there exists a wonderful team spirit which has resulted in real accomplishment with few headline battles.

The role which the Government can play in the economic affairs of the Nation should be limited. Government manipulation is the antithesis of a free America, and encroachment by Government in restricting the freedom of its citizens should be limited to doing, as Lincoln said, "for a community of people whatever they need to have done, but cannot do at all, or cannot so well do for themselves—in their separate and individual capacities. In all that the people can individually do for themselves, Government ought not to interfere."

The future of free America lies in the initiative, the resourcefulness, the tenacity, daring, and courage of 160 million Americans, each free to choose how best he can promote his own interest and the interest and future of his loved ones in whatever way he can best devise only so long as he does not interfere with the rights of others. It is the cumulative power of this great effort which has made America great in the past and which I am convinced will drive us ahead in the future at an accelerated pace in excess of anything we have ever known before.

You and I as citizens must participate in this great drive toward a better America. As such a citizen, I am pleased and proud to accept this fine award from the Chamber of Commerce of Greater Philadelphia, and to receive it in recognition of the contributions which President Eisenhower's administration has made to the advancement of the economy of this Nation.

Address by Hon. Herbert Brownell, Jr., Attorney General of the United States, Before the Republican State Convention, Detroit, Mich., February 19, 1955

EXTENSION OF REMARKS

OF

HON. GERALD R. FORD, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, February 25, 1955

Mr. FORD. Mr. Speaker, under leave to extend my remarks I include an address delivered by the Honorable Herbert Brownell, Jr., Attorney General of the United States, before the Republican State Convention held at Detroit, Michigan., on Saturday, February 19, 1955:

It's always a pleasure for me to get away from Washington for a few hours, to meet and talk with fellow Republicans. It's an opportunity to keep a true perspective on American's problems and America's dreams.

We had a lot of both 2 years ago when the members of the Republican administration moved to Washington. Thank goodness, I can report that many of the worst problems have been conquered and that many of America's dreams are closer to reality. Our Nation has gone a long way under the inspiring leadership of Dwight D. Eisenhower. He has proven to political friend and foe alike that he is truly a great man, a great President.

Michigan has a wonderful squad working on President Eisenhower's team. You have given our President men of outstanding ability and integrity. Charley Wilson is doing a great job at Defense, and so is Governor Brucker. Joe Dodge put a lot of good old Michigan commonsense into the budget. Art Summerfield is putting the Post Office on a realistic, businesslike base. Senator PORTER has displayed the foresight so vital to sound legislation and decent legislative conduct.

Every one of them—and a lot of other Michigan peole—are devoting long, long hours of unselfish work for the administration and for the Nation. I know you are as proud of them as those of us who are privileged to work with them.

I'm just as proud of the fine performance of Fred Kaess here in Detroit and Wendell Miles in western Michigan. They are two of the best of the Justice Department's group of outstanding United States Attorneys.

Your personal interest in government and world affairs is heightened, too, as work progresses on the St. Lawrence Seaway. Here is a project which was just a fond dream since George Washington first envisioned it. And the seaway, as you know, has been advocated by every President since McKinley. Yet, when Dwight Eisenhower presented the facts and the needs fully—and then went to bat for it—a Republican Congress passed the legislation to make that dream a reality. The seaway will bring deep-draft oceangoing vessels to the Lakes, letting your industry compete equitably for foreign trade. It will mean new factories, new jobs, and new prosperity for Michigan and for the entire Nation. History shows that any major advance in transportation benefits the entire Nation's economy—not just that of the immediate area served.

And let's talk realistically about prosperity for just a moment.

It was a big issue up here last fall. You still were making the transition from a wartime boom, based on blood and bullets, to a peacetime economy, based on the needs of our growing population and our rising standard of living. Also, campaign time was change-over time in the auto industry and a lot of people were temporarily out of work.

There was a lot of political talk of gloom and doom in the past 2 years. Yet, today, no one challenges the fact that your Republican administration has guided the Nation successfully from a wartime to a peacetime economy without the great depression so many predicted. No one challenges the fact that your Republican administration has helped bring our Nation instead its two most prosperous years in history in terms of wages, in terms of jobs, and in terms of earnings. We're well on our way right now to a third fine year.

This all was done without mirrors and without controls on the economy—on the prices a businessman could ask or the wages a worker could seek. Even more important, both can now plan realistically on the buying power of the dollar they will earn later this month, or next summer, or next winter, because inflation has been halted. The retired couple no longer find 10 or 20 dollars being taken out of each hard won hundred dollars every year by unchecked inflation. Neither do the parents trying to save money to give their children an education, nor the young couple saving for a decent home of their own, nor the farmer saving for new machinery or new stock.

All this is to the benefit of all Americans. So is the sense of security and faith that came from the end of that inflation, the end of the fighting in Korea, the end of loose security in Government, the end of corruption in Washington. It is such matters of the common good I wish to discuss primarily today because President Eisenhower's entire aim is to be a President for all Americans.

We all recall proudly that Republican Abraham Lincoln declared repeatedly he was for that "which will give the greatest good to the greatest number." Republican Dwight Eisenhower said in his recent state of the Union message, "Let the general good be our yardstick on every great issue."

The philosophy of Lincoln has returned to Washington.

President Eisenhower summed it up well for us when he said:

"This administration is committed to a program of progressive moderation."

He said that program must be "liberal in its human concerns, conservative in its economic proposals, constructively dynamic and optimistic in its appraisal of the future."

Progressive moderation is nothing new to the Nation or to the Republican Party. In a speech generally credited with uniting factions within the party just 2 years after its founding, Lincoln asked his fellow Republicans to "appeal to the moderation" of the people. He declared that "we will grow strong by calmness and moderation."

I think you will agree that all forward-looking Americans can support a program of progressive moderation, especially when we consider what President Eisenhower said in applying it to the individuals and what the administration seeks to do for those individuals. It was this, and I quote:

"We seek increase in their opportunity to enjoy good health, good schools, good homes; we seek a lessening in their fear of personal disaster and in the impact of hardships beyond their control. In this endeavor, we reject Federal domination over State and community, for we seek to strengthen—not weaken—the historic self-reliance of our people."

What does all this mean in specific terms? Well, I think we should first review quickly the first 2 years of the Republican administration and the steps to carry out this program of making this a better Nation for all to live in and to enjoy.

Most necessary, of course, in pursuit of this goal is a strong, growing economy. By keeping it vigorous and free, we create more and more opportunities and an ever-widening share in prosperity for our people.

What has your administration already done to help? Several things. For instance, I've discussed how controls were removed from wages, prices, and materials. Then, through reducing Federal spending, an unprecedented tax cut was possible, and Americans as individuals were the beneficiaries. The tax cuts also encouraged increased spending, which in turn brought about greater production and more job opportunities. Couple these moves with the flexible monetary and debt management policies of the administration and this is the result: a halt to inflation and stabilization of the value of the dollar.

Meantime, the administration created an atmosphere conducive to good labor-management relations. An unprecedented low of work stoppages due to strikes was reached. Man-days of idleness due to strikes in 1954 were the fewest in any year since the end of World War II. This resulted from the administration's belief that Government has no place at the bargaining table—that labor and management can settle their problems over that table without the Government sitting with either side.

And there's another helping hand which is being extended to the unionman, as part of a drive against the evil elements of organized crime. Extortion and bribery by labor racketeers had become a flourishing and lucrative business. This not only impeded commerce and industry. More important, it reflected unfairly on the millions of honest workingmen who were caught up as pawns of these labor racketeers.

A special section on Organized Crime and Racketeering was created in the Department of Justice last year. With the cooperation and assistance of the FBI, this section has been vigorously investigating labor racketeering. At present, it is initiating about 50 investigations every month. The effort is paying off.

During 1954, 65 of these racketeers were indicted in 37 cases and there were 28 convictions. So far this year, there have been nine more convictions or pleas of guilty.

Contrast that, if you will, with a complete absence of any convictions under the anti-racketeering laws in 1951, 1952, and 1953.

Among those convicted was a racketeer who sought to extort more than $1 million from contractors for a powerplant for the Atomic Energy Commission. His actions cost the Government millions of dollars because of delays in construction. An Illinois man was sentenced to 4 years for extortion in a 700-mile pipeline project needed to serve the Chicago and Indiana area. A man tabbed the Duke of Indiana for the power he wielded for his own selfish gains pleaded guilty to attempting extortion in connection with road construction. And a longshoreman's leader in New York was convicted recently for taking gratuities from a trucking concern with which he supposedly was dealing on behalf of his union. Ample warning has been served that the Government will not stand idly by while the unionman and the businessman are being victimized by the ruthless and greedy use of power by labor racketeers.

That is a matter of the common good. So are the tax reductions which have totaled more than $7 billion a year. More than half goes directly to the individual taxpayer, the consumer. And indirectly they benefit from the rest. It now looks, barring unusual developments, that a further tax cut will be possible next year.

Let's look at what was done in the social security field. Carrying out the 1952 pledge, Republicans improved many of the ills of the program. They added 10 million Americans to the eligibility rolls. They increased benefits for more than 6 million now entitled to and drawing benefits. On the unemployment compensation side of the picture, the President recommended to the States increased weekly benefits, while coverage was extended to an additional 4 million persons, including Federal employees who previously were not entitled to protection.

Here in Michigan a major industry is production of automotive vehicles. You will benefit from the record Federal-aid highway program allotting $875 million a year to the States. And while making it easier for our people generally who use the roads, it also will increase the market for vehicles. Hence your State will have both direct and indirect benefits.

One of the most important things in life is health. Over the years hospital facilities particularly have failed to keep up with the demand. We now have a 3-year hospital construction program embracing grants totaling $182 million.

What about homes? Well, the administration and Congress worked out a housing program permitting longer mortgages, thereby stimulating home ownership. It also speeded up slum clearance and encouraged remodeling, modernization, and repair of homes.

What about the future? President Eisenhower said that the wise course for Government in 1955 is to direct its program principally toward fostering long-term economic growth rather than toward imparting an immediate upward thrust to economic activity.

What did he suggest to Congress? Simply stated, he suggested a program which you and I naturally support and which, I know, all people of Michigan want. Here are the major recommendations:

1. Extension of personal security against the hazards of unemployment.
2. Strengthened minimum wage legislation.
3. Protection of savings in credit unions.
4. Increased Presidential discretionary authority to vary the terms of insured mortgage loans in the interest of economic stability.
5. Authorization of a great 10-year program to modernize the interstate highway system—this on top of what already has been done.
6. Meeting the nationwide need for school construction.
7. Creation of a coordinator of public-works planning and a revolving fund for advances to States and municipalities for public-works planning.

All of these proposals, plus the others now pending or to be sent to Congress, will create a favorable atmosphere for economic activity. They will encourage private initiative. The Federal Government would be in a position to help State and local governments in providing needed public facilities. They would provide greater opportunities for the less fortunate of our population and help all to cope with the hazards of unemployment, illness, old age.

In the field of health, the Nation is failing to exert proper efforts to reduce the impact of disease. This administration, under leadership of President Eisenhower, is urging steps which will alleviate the situation.

Establishment of a Federal health reinsurance service to encourage private health-insurance organizations in offering broadened benefits to those insured and to provide coverage to more people has been recommended.

I noted enthusiastically as I entered this hall the youthfulness of all of you. The youngest of you, I know, are beginning to understand, as oldsters do already, the economic strain on a family that comes in time of illness or injury.

Now, any one of us could become what the medical profession is now calling the medically indigent. They are referring to that time when any one of us could be faced with medical bills which we just could not afford to pay. Group hospitalization programs and the prepaid surgical plans available in some communities have done some good in meeting this problem. This is true also in the case of aid toward medical, therapeutic, hospital and similar bills by such organizations as the Tuberculosis Association, the Infantile Paralysis Fund, Heart Fund, and others. But more is needed.

The reinsurance proposal of the President would furnish a system for broad sharing among health-insurance organizations of the risks of experimentation. It would be the incentive for improvement in existing insurance plans, and encourage better protection, particularly against expensive illnesses. And it would mean extension of these private voluntary health-insurance plans to millions of additional people. It contemplates a reasonable capital fund, using it as necessary to reinsure programs which would meet the needs which I have outlined.

We also hope Congress will authorize separate Federal matching of State and local expenditures for the medical care needed by public-assistance recipients. As proposed by the President, it would provide better care for the aged, the permanently and totally disabled, the blind, and children deprived of parental care.

Also recommended to Congress is a program to further stimulate construction of more health facilities, such as hospitals, clinics, and technical establishments. As proposed by the President, the Secretary of Health, Education, and Welfare would be authorized by Congress to insure, for a small premium, mortgage loans made by private lending institutions for the construction of such facilities. This program, I am sure, would go a long way to help the many communities which today lack some, if not all, of these things needed for the protection of the health of our people.

Another part of the health program is designed to end the shortage of nurses. Recommended are a 5-year program of grants to State agencies for training practical nurses; and an expansion of Public Health Service operations to establish traineeships for graduate nurses in specialties such as administration, teaching, and research. In addition, Mr. Eisenhower has proposed revision of the present public health grant programs to include authority for training in all public health specialties, including mental health.

These are well-formulated plans. These, plus other elements of the health program proposed by your administration, represent a real attack against problems standing in the way of a stronger and healthier United States.

One other program the President has proposed means something to all of us. It is the proposal for Federal cooperation with the States to give our children as quickly as possible the classrooms they must have. As you know, there is a deficit of 300,000 classrooms, and with mounting enrollments at least 50,000 new classrooms must be completed each year just to care for this new crop of youngsters. What is happening is that the present construction rate is barely keeping up to the mounting enrollment, so the deficit of 300,000 classrooms is being cut only slightly.

Viewing this as an emergency and for purposes of meeting it on that basis only pending results of nationwide conferences, the administration has proposed to widen accepted channels of financing, without interfering with the responsibilities of State and local school systems.

Congress has been asked to authorize the Federal Government to purchase school bonds issued by local communities which are handicapped in selling bonds at reasonable interest rates. This would be possible if Congress authorizes appropriation of $750 million for use in the next 3 years. It is also proposed that the Federal Government be authorized to participate with the States in establishing and maintaining for State school-building agencies an initial reserve fund. Thus, we would help those communities which are unable to build schools because of restrictive debt limits and which now depend on State agencies. With such a program, $6 billion worth of building would be possible in the next 3 years.

Other elements of the proposed program would provide for grants to school districts with proved need, and lack of local income; and grants to States for administrative costs of State programs.

These are some of the things now planned to make this a better America, by protecting our most precious asset—our people.

What we do this year and next will continue to merit the support of the great majority of our citizens.

They already have seen a Republican Party devoted to serving needs of all people.

It will continue to serve the people well.

Under the inspiring and courageous leadership of President Eisenhower, we cannot fail.

Neuromuscular Research

EXTENSION OF REMARKS

OF

HON. J. PERCY PRIEST

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, February 25, 1955

Mr. PRIEST. Mr. Speaker, Federal legislation is not the solution to all the problems uncovered by the comprehensive health inquiry made by the House Interstate and Foreign Commerce Committee during 1953 and 1954. As in the past, most of the responsibility must be assumed by private individuals and in-

stitutions. As chairman of the committee, I call attention to a particular need in the field of research that was developed partly by the recent hearings. In order to avoid any partisan approach to this critical human situation, the Honorable CHARLES A. WOLVERTON, chairman of the committee during the 1953–54 hearings, joins me in inviting comment and constructive suggestions. Our joint comment follows:

In the health inquiry directed by the House Interstate and Foreign Commerce Committee during 1953 and 1954, it was found that about 20 million persons are affected by neurological and sensory disorders for most of which medical science has discovered neither causes nor means of specific treatment, and that the deaths from these diseases are exceeded only by the number of persons dying from cancer and heart disease.

It was even more startling to learn that public and Federal Government expenditures from 1951 to 1952 for research and treatment for each victim of a neurological or sensory disorder averaged only 3 cents, while $29 was spent for each victim of cancer and $1.75 for each victim of heart disease.

Because the spending of this 3-cent-per-victim money is shared by the Government and by many individual national organizations concerned with multiple sclerosis, muscular dystrophy, cerebral palsy, the crippled, epilepsy, and neurology, it is apparent that very little can be allotted to fundamental research, without which progress toward finding causes and cures will proceed at a snail's pace.

This need for basic research is of special concern to the families of victims of certain neuromuscular disorders that baffle medical science and that have not been the specific concern of a national organization supported by public funds. This neglected group includes amyotrophic lateral sclerosis (the disease which ended Lou Gehrig's life when he seemed at the peak of physical health), progressive muscular atrophy, and peroneal muscular atrophy. In 1950, 1,006 Americans died from these diseases, compared to 1904 for poliomyelitis. One tragic aspect of the situation is that a man who contracts the disease from which Gehrig died cannot expect to live more than 3 years. Doctors are helpless; they do not even like to talk about this visitation of death to about 667 Americans each year.

Basic research in nerve fibers and muscle tissues offers the means of determining the causes of neuro-muscular disease and developing methods for treatment and prevention. Such research has been initiated in a small way by public and private groups. The National Institutes of Health, for instance, is carrying on a study of amyotrophic lateral sclerosis in Guam in an effort to find a clue as to why there are from 50 to 100 times as many deaths there per 1,000 of population as in the United States. Scientists such as Nobel Prize Winner A. Szent-Györgi, of the Institute for Muscle Research, are concentrating on basic research. The Neuro-Muscular Research Foundation has just been formed to promote basic research which will be directed toward amyotrophic lateral sclerosis and other neglected diseases as well as the neuro-muscular disorders which have received greater public attention. We commend an intensification of such activities and greater coordination of public and private efforts in this field.

On the probable cost of such a research program, we quote Dr. Cornelius Traeger, speaking for the National Committee on Research in Neurological Disorders at the House inquiry: "If we could get, not 3 cents per patient, but $2 a patient, I think that we could do a job that the Atomic Energy Commission did, or what preceded the Atomic Energy Commission did, in nuclear fission, and in about the same time."

J. PERCY PRIEST,
Chairman, House Committee on Interstate and Foreign Commerce.
CHARLES A. WOLVERTON,
Chairman during 1952–54.

Address of Hon. Leroy Johnson, of California, Delivered to the New York Chapter, Atlantic Union Committee, February 18, 1955

EXTENSION OF REMARKS
OF
HON. LEROY JOHNSON
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, February 25, 1955

Mr. JOHNSON of California. Mr. Speaker, a group of us in both branches of the Congress have introduced concurrent resolutions asking the President to invite the other democracies who sponsored and signed the North Atlantic Treaty to meet in a convention to explore and report to what extent their peoples might further unite within the framework of the United Nations, and agree to form a Federal Union for our mutual protection. Last Saturday night I had the honor of making a speech on this proposal to the New York Chapter of the North Atlantic Union Committee.

Under leave to extend my remarks I am including that speech, which follows:

Ladies and gentlemen, I warmly appreciate the courtesy of your kind reception. Especially I am grateful for the high honor paid me by your invitation to address your chapter of the Atlantic Union Committee.

I rather imagine that any ideas I bring you on the North Atlantic Federal Union proposal will be neither novel nor startling. But what is lacking in originality I hope will be made up at least in part by my genuine, abiding interest and also by my true sincerity in respect to this challenging, vital proposition so important to every civilized person on earth.

Last week was a possible turning point in the long history of this movement.

In the United States Congress a group of Senators and a group of Representatives, including myself, introduced highly important resolutions. They contain this key provision:

"The President is requested to invite the other democracies which sponsored the North Atlantic Treaty to name delegates, including members of their principal political parties, to meet in a convention with similarly appointed delegates from the United States and from such other democracies as the convention may invite, to explore and report to what extent their peoples might further unite within the framework of the United Nations, and agree to form, federally or otherwise, a defense, economic and political union."

I am profoundly convinced that the formation of a Federal union with free nations of Europe for defense purposes would open vast possibilities for advancing and stabilizing the world peace for which all of us hope so prayerfully today. If the proposition is sound, repetition of its supporting arguments may be useful, even though I suspect that most of you are more conversant with them than am I.

This fundamental approach to mankind's most critical problem—that of building a solid foundation for unity and peace in this divided world—first came into my consciousness through a lecture delivered by Clarence Streit in the 1930's in Stockton, Calif. I was deeply stirred by the concept. Today its appeal to me is as fresh and as powerful as it was two decades ago.

Little did I think as I listened to Clarence Streit that I would soon be witness to a global conflict far more destructive than the gigantic struggle in which I participated in 1917 and 1918. Nor had I the faintest premonition that I would become a member of the House of Representatives, or that for seven Congresses I would serve on a Congressional committee charged with drafting laws pertaining to the security of our Nation. In both the Senate and House of Representatives these laws are handled by the Committee on Armed Services. Senator KEFAUVER and I are members of these committees.

For the past several days, the House committee has had before it the top military experts of America. They have described with candor and in detail the dangerous situation confronting our country. They have set forth the steps we must take for our protection in this nuclear age. I shall quote a few of their statements made in public hearings. From them you may gain a clear appreciation of the deadly menace confronting us and of the character and scope of our defense needs.

Let us hear first from Adm. Arthur Radford, chairman of the Joint Chiefs of Staff. He says:

"In my opinion a personnel strength of 2,850,000 men is the size of forces we must maintain for as long as the Communist threat hangs over our head. This may be 10 years or it may be 50."

Next, let's listen to the Secretary of Defense, Charles E. Wilson. He says:

"The security of the United States and the security of our allies are in reality one and the same. This concept of collective security is reflected in our military arrangements around the world.

"In the development of our military programs now and in the future we must reckon with the Communist capabilities as well as with their possible intentions. Because their military power has continued to grow and now includes the ability to produce and deliver nuclear weapons, the United States for the first time in its history has reason to be deeply concerned over the serious effects which a sudden attack could conceivably inflict upon us.

"As a Nation we reject the concept of preventive war. However, a sudden nuclear attack aimed at our population, industrial and military centers, could be a threat to our survival as a Nation. Therefore, our primary objective must be to maintain the capability, first to deter an enemy from such an attack; and second, to blunt any such attack if it comes. Both purposes require a combination of effective retaliatory power and a continental defense system of steadily increasing effectiveness.

"The forces envisaged in the long-range program of the Department of Defense constitutes by far the largest Military Establishment that this country has ever undertaken to maintain for an indefinite period of time.

"The maintenance of these forces and their qualitative improvement will require expenditures over an indefinite period of years of many billions of dollars."

Since the A-bombs were dropped in Japan, a decade ago, there has been a rapidly rising crescendo of frightfulness in the construction and development of weapons.

From a low-flying plane, about a year after atomic bombs had fallen on Hiroshima and Nagasaki, I looked at the ruins of these two cities. The sight of the carnage wrought

by those two small bombs actually made me ill for several days. It was an incredibly ghastly, horrible, shocking sight. I kept saying to myself, "Has humanity gone stark, raving mad; is man so stupid, so inherently evil, so savage and untamed, that in the end he will destroy himself?"

And yet, today we face a situation far more staggering in its implications.

Today, we know, though we can scarcely comprehend the awesome fact, that the hydrogen bomb can wreak 1,000 times the damage inflicted upon Japan. Other weapons are still more hideous. Noted scientists have written that a few properly placed cobalt bombs could exterminate most of the human race. Weapons of such boundless destructive power may soon be in the hands of our own and hostile military forces.

In the face of such momentous developments, it is indeed understandable that during the past 10 years apprehension that these new weapons might be used against us has steadily heightened among our people. There is, in truth, no escaping this grim fact: We live in an age in which cruelly ambitious, unprincipled, atheistic men could destroy the civilized word—not only its people but also its institutions, its public and private works, its most hallowed traditions, its very will to survive. This dread capability rests both with the Communists and the free world.

As I look back over these 10 years, I can see that more and more, year by year, our country and its allies are relying on the power to destroy an enemy in an effort to find protection against sudden attack. We are, perforce, chained to a military treadmill; feverishly we labor, lavishly we expend our resources, in our effort to increase the deadly power of our military force. Our antagonists are ensnared in the same fantastic spiral; day and night they are striving to surpass us in building stronger, ever stronger, weapons of destruction.

And yet, here is the pathetic paradox:

Every person, in America and abroad, with whom I have seriously discussed this problem, longs ardently for peace. On every continent in the past decade I have talked of this terrible dilemma with public officials, businessmen, teachers, the poor and the rich. All give voice to the same deep yearning: "We want peace," they say with almost pathetic earnestness. "We do not want war."

Yet, the pages of history are filled with the message that a race in arms ultimately explodes into war.

The Secretary of Defense says we may have to fight for our survival; the Chairman of the Joint Chiefs of Staff says our tense situation may last from 10 to 50 years. The Secretary of Defense further advises us that our costly weapons rapidly become obsolete due to technological advances. Thus we are in an economic vise; we are also in a military position which will remain eternally precarious.

I must, of course, make this clear; I have strongly supported all of our efforts to strengthen our Armed Forces. I have voted to draft our young men. I have voted to have American youth trained so they may be skillful warriors, able and ready to defend not only their country but also themselves on the field of battle. I have supported our Nation's efforts to buttress our friends throughout the world. These steps and others I, as a Congressman, feel we must take to protect our country and to neutralize the terrible, imminent threat to our survival.

All of these things we reluctantly do for one reason alone: Ungodly men are at large in this world, implacably bent upon communization and enslavement of all humanity. At any time they may strike with atomic or hydrogen bombs, hoping to destroy our industrial system or, in one massive blow, wound us so mortally that domination of our country would surely follow. Our ready military power, our national resolution, our patient firmness, the certainty of our devastating counterblow will, we pray, deter them from war.

But, in all candor, it is somewhat less than inspiring to contemplate nerve-racking tension and deadly threat year after year, for decades to come, even though war may never be our lot.

I repeat that we cannot minimize the imperative necessity for a strong military posture. Our strength is our insurance against annihilation in today's world. But it is comparable to a fire-insurance policy: Comforting, of course, to have, but no guaranty that there will be no fire. We must stay alert to the danger of our situation; we must keep the threat in the forefront of our minds as we look hopefully and enthusiastically upon the promise held out to mankind by a North Atlantic Union Federation.

With these caveats behind us, let us now explore our route toward peace which provides an alternative to military force. It requires no coercion, no intimidation, no exploitation. In my deepest belief, this peaceful method of building strength against communism and aggression holds the key to the present world dilemma; it contains the seed from which can grow enduring world peace.

With my colleagues in the Congress, I am eager to explore the possibility of Americans joining with other peoples who have representative government, combining their ingenuity, their skill in government, their belief in a peaceful society, their boundless resource and strength, that ultimately, by the sheer majesty of their aggregate power, we shall neutralize and finally eliminate the threat that looms today over much of the world.

The federation we visualize would make common rules and establish legal machinery to compel the obedience of all member nations thereto. Those failing to comply could be brought to do so through judicial decree, backed by the combined force of the federated nations.

The obvious parallel is right at hand. We Americans have grown up with it.

In our country we have 48 States, each sovereign, yet each joined permanently in common cause for the common good. Controversies among our States are settled in the Supreme Court of the United States whose decrees are binding upon and respected by the losing parties.

Forgive me for particularizing in a somewhat personal way, but this example may help make the point clear.

Right now a controversy is awaiting resolution between my State of California and the State of Arizona. The issue involves interpretation of a contract governing the allocation of certain waters of the Colorado River. The differences between the States have been bitter, acrimonious, and explosive, for water is critically needed in both States. It is easy to envision that two sovereign nations would resort to war to settle such a dispute; matters of far less importance and complexity have turned nations to the sword in the past. But here, in our Federal system, we avoid the ultimate test of power, reposing the issue, for the common good, in a disinterested, objective branch of the Government.

Many persons anxiously search for parallels to this process in the processes of the United Nations. Some persuade themselves that this great body has the power to enforce its own decisions and those of its related agencies. But this is wishful thinking; it is dangerous thinking which could lead us to tragic ends.

The United Nations, true enough, can issue decrees; it can enunciate principles; it can find a nation guilty of subversion or aggression; it can recommend remedies for injustices committed by one member nation upon another. But it lacks the power to compel its members to obey its suggestions; it founders upon the rock of enforcement of its will.

This fatal weakness finally shattered the League of Nations; it tore the heart out of the Kellogg-Briand Pact which bound nine nations not to wage war on one another until every peaceful remedy had been exhausted. The insufficiency of both efforts is still painfully clear in our memory. We shall never forget that Japan struck us at Pearl Harbor at the very time their Foreign Minister was talking with our Secretary of State.

So it is that nations, in contrast to our States, in striving to adjust their differences, still tend to resort to that ancient and brutal institution—military force, which, applied today, amounts to mass murder and, conceivably, the obliteration of both sides.

In such a contest, victory is the goal. And what is its reward? The flower of our manhood decimated by slaughter; multitudes disabled for life; cities pulverized; a system of society sundered at its roots. Many among us today have seen three wars come and go, each more brutal than the one before. And yet, our experience is clear: military victory does not bring permanent peace.

I am convinced that man's inhumanity to man, that the endless, futile cruelty and bloodshed of modern warfare, can be avoided through a federal union of free nations. The federal system has proved both its efficiency and its stability in our own country and in the Swiss Republic. I remind you that in the latter nation four languages are in use; nevertheless, regardless of divergent, even antagonistic, national strains, the Swiss experience with federalism has been outstandingly successful.

I most earnestly hope, therefore, that our Nation will take the first halting step forward in the direction of which I speak. Let us move now toward creating the climate and the opportunity to build an alternative to Armageddon. Let us move toward joining with our friends throughout the world in exploration of a federal union which would bind the parties for mutual protection—and, if that should prove successful, moving toward an integration of a larger scope.

Now, of course, we have the jeremiads, the gloommongers, the it-can't-be-done type of people. In all ages, as in our own time, such people point with fear and trembling, obsessed with the problems, never inspired by the oportunities. These are the barnacles on the ship of mankind.

You know their doleful strain. It adds up, essentially, simply to, "It just can't be done."

Our own past shouts the denial to those who fearfully hold back.

Boldly oure forefathers resolved a chaotic situation which resulted from the inability of the Articles of Confederation to bind the Colonies closely together.

After the Colonies had fought and won the Revolutionary War, they shattered into independent, even antagonistic, sovereign units. Economies of the several States disintegrated; traffic was impaired; the common defense was undermined; navigation and trade was fettered and harrassed to the point almost of extinction. Something had to be done. The common good dictated subordination of the primitive fetish, sovereignty which held the Colonies almost at swords' points.

The Articles of Confederation became the first rallying point—the first attempt at common government. This failed utterly to unite the Colonies into a strong cohesive nation, with an effective central government. For a time, unity seemed impossible. You know what then occurred.

On February 21, 1787, the Continental Congress decided to hold a convention in May of that year at Philadelphia. Its purpose was sharp and clear: to revise the Articles of Confederation. Delegates were chosen. Through the bitter debate that ensued only the majestic personality of the beloved

George Washington and the benign influence of wise, philosophic Benjamin Franklin saved the deliberations from ruin. And then, as you know, ultimately, rather than amending the Articles of Confederation, they wrote a new Constitution and laid an enduring foundation for a new nation.

And in this Constitution, precisely for the reasons which plague us today in this trembling world, they turned to a Federal system. They built a national government with the vitality and power to carry forward the common good; they retained, nevertheless, State and local responsibilities, reserving to the States and to the people all powers not specifically granted to the National Government.

And in the preamble, they used language which is the key to much of the problem of which we speak today: "We the people of the United States," is the way they began this immortal document. Not "We the States"—but "We the people" do ordain and establish the Constitution for the United States of America.

Thus government was brought through the governmental maze to the citizen; thus sovereignty was brought home to the individual; thus government was made of the people, for the people, and by the people. And therein is a powerful lesson for those of us who today aspire to a better order of things in this world. There, my friends, is the key to world peace.

And so you see that I am indeed a devotee of this concept—because, mainly, I so deeply revere our own system and the strength and the glory it has brought to our people. I cannot conceive of any supportable reason why a similar effort would, in our own time, fail to bring just as many rich dividends to ourselves and to our children.

Across the seas are nations in mortal fear of the Soviet Union. They live in daily dread that their life, their property, their liberty, and all that they love in life may be destroyed by the Communist advance. They know all too well of the agony and, even, the despair of their neighbors today behind the Iron Curtain. I cannot but believe that they would slowly, perhaps, but surely, inevitably, seize upon a federation such as I have discussed with all the ardor of a drowning man reaching for a helping hand.

I happen to believe that a juncture of the free nations of the North Atlantic, with still others who might wish to join, would be so potent an aggregation that the Soviet threat of aggression would dissipate and frustrate and consume itself futilely, finally dying out altogether. Freedom is a mighty force. I mention only that 95 percent of inventions in the world in the last 2 centuries have been made by persons living in nations with representative government and protected personal freedoms. Freedom is the seedbed of initiative and ingenuity.

The nations of which I speak also have a genius for government based upon the will of the people. In most of them, substantially the rights accorded an American citizen are accorded to their citizens. They have, moreover, the industrial skill, the industrial plant, the agricultural knowledge, and the richest resources, added to ours, of this world. Such an amalgam would soon have a massive impact upon the ambitions of the Soviet Union. That nation would, in my judgment, recognize swiftly that only defeat would be the outgrowth of their contined assault on the free world. And this above all else is true: dictators cannot stand defeat. I am convinced that the rock upon which international communism will surely founder is federation of all or part of the states in the North Atlantic area.

Just as our own country has developed under the Federal system of Government, so would this group of nations, these millions of people, develop in strength, in capacity, in genius, in a unified democratic forum. They would be assured of victory in this divided world; they would be assured of a better world.

My friends, how deeply I wish that we were blessed by having 10,000 Owen J. Roberts to speak to a hundred thousand groups of our people. His penetrating mind, his profound experience and knowledge in judicial and governmental affairs, his wise insight into the perils of our time, would bring light into the darkest places of opposition to federation. Would that we also could stimulate the sale of Union Now, bringing its vital, gripping message to millions more of our people, so that this cause could reach out and truly grasp the minds and hearts and the imagination of His Majesty, Mr. Average American. Surely this is one light that we must ever strive to keep from under a bushel.

There are so many more things I wish I could mention. I remember with pride our gift of freedom to the Philippines in 1946. For 48 years we governed these wonderful people. But instead of resorting to tyranny and oppression, we spent a good part of those years helping these people prepare themselves for self-government and independence. Truly this is one of the brightest stars in our firmament. In many ways, I believe that my vote for Philippine independence was one of the most significant votes I have cast in my 13 years in the Congress. Two years ago, for example, I found on a trip into the Asian region that almost all nations along the Indian Ocean were aspiring to achieve the same recognition, the same self-respecting position in the family of nations, that our Nation had accorded to the Philippines.

Such is the power and the glory and the opportunity of America. Such is the promise our people, our faith, our system, holds out to the suffering and the oppressed who people much of the globe.

And such is the America which, I hope and pray, will boldly rise to today's challenge and lead God's people from the wilderness of militarism and terror into the shining light of hope and opportunity and dependable, just peace. Federation, my friends—what better article could America hope to merchandise among mankind today. It is an imperishable, proud part of our own experience. Let us help others reap its rewards.

And, in the process, we shall help ourselves and assure our children and their children a decent chance to lead fruitful, happy lives.

Thank you very much for your courteous attention.

SENATE

MONDAY, FEBRUARY 28, 1955

Rev. Louis J. Kaczorowski, pastor, Polish American Catholic Church, Chicopee, Mass., offered the following prayer:

Almighty and eternal God, our Heavenly Father, we pray that our minds and hearts may be blessed with the knowledge, the wisdom, and the understanding to know Thy holy will and the courage to follow it.

We pray that the Members of the Senate of the United States may always incorporate in their deliberations and enactments the moral and spiritual principles that are basic to our American way of life, and which must be preserved if our civilization is to survive and if our Nation is to continue to be worthy of Thy benediction.

Help each one of us personally to grow in devotion to Thee and to Thy holy law and in the sincere practice of true brotherhood toward our fellow man so that love of Thee and of neighbor may be truly the supreme motive and purpose of everything we say and do.

These blessings we ask in Christ's name. Amen.

THE JOURNAL

On request of Mr. CLEMENTS, and by unanimous consent, the reading of the Journal of the proceedings of Friday, February 25, 1955, was dispensed with.

MESSAGE FROM THE PRESIDENT

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Maurer, its reading clerk, announced that the House had passed a bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a $20 credit against the individual income tax for each personal exemption, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a $20 credit against the individual income tax for each personal exemption, was read twice by its title and referred to the Committee on Finance.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. CLEMENTS, and by unanimous consent, the Committee on Finance was authorized to meet during the session of the Senate today.

On request of Mr. CLEMENTS, and by unanimous consent, the Subcommittee on Internal Security of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

On request of Mr. GORE, and by unanimous consent, the Subcommittee on Roads of the Committee on Public Works was authorized to meet this afternoon, during the session of the Senate.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. CLEMENTS. Mr. President, under the rule, there will be a morning hour for the presentation of memorials and petitions, the introduction of bills, and other routine matters, and I ask