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PROCEEDINGS AND DEBATES OF THE 84th CONGRESS, FIRST SESSION

SENATE

THURSDAY, JUNE 16, 1955

(Legislative day of Tuesday, June 14, 1955)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

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

God our Father, in a world filled with sights that sadden and problems that perplex, may our hearts be strengthened by the realization that ours is also a time of splendor, bright with promise as we stand at the portals of a more glorious tomorrow. May the crashing of outworn things that are falling to earth not hide from our eyes the coming glory of a new era struggling to birth.

We give thanks with humble yet kindling hearts that we are summoned to live and give in such a time. If this weary flesh of ours, faced by determined foes, should fear or falter, keep us firm and steadfast as we put on the whole armor of faith and hope and love. May we play our part as Thy faithful servants in history's crowning hour. We ask it in the dear Redeemer's name. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., June 16, 1955.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. JOHN STENNIS, a Senator from the State of Mississippi, to perform the duties of the Chair during my absence.

WALTER F. GEORGE,
President pro tempore.

Mr. STENNIS thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, June 15, 1955, was dispensed with.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Committee on Armed Services was authorized to meet during the session of the Senate today.

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Committee on Finance was authorized to meet during the session of the Senate today.

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Committee on Interstate and Foreign Commerce was authorized to meet during the session of the Senate today.

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Subcommittee on Antitrust and Monopoly Legislation of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there may be a morning hour for the presentation of petitions and memorials, the introduction of bills, and the transaction of other routine business, subject to the usual 2-minute limitation on statements.

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

PETITIONS AND MEMORIALS

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

By the ACTING PRESIDENT pro tempore:

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

"Senate Joint Resolution 15

"Joint resolution directing attention to sound public policy with respect to division of taxing powers as between the Federal Government and the States and their subdivisions; and calling upon the Congress of the United States to institute appropriate action to reduce excessive Federal tax rates and limit the unrestricted taxing power of Congress in favor of the States and their subdivisions to the end that our form of government shall survive

"Whereas Federal taxes collected from the State of Oklahoma during the fiscal year ended June 30, 1954, totaled $629,701,000, the magnitude of which sum constitutes such a drain upon the economy of this State and the taxpaying ability of its citizens as to preclude their ability to meet vitally needed public improvements from State and local sources of revenue; and

"Whereas a mere 10 percent reduction in Federal taxes collected in Oklahoma last year would produce an economic benefit equivalent to the immediate addition of 62 new industries having an average production of $1 million each, and would automatically increase State and local tax revenues by more than $5 million annually in Oklahoma; and

"Whereas the accumulated needs of State and local governments in the United States is conservatively estimated at $50 billion for highways, $27 billion for public schools and colleges, $11 billion for hospitals, and an additional $11 billion or $12 billion for municipal water and sewer systems, aggregating approximately $100 billion for needed capital outlays, a proportionate part of which is attributable to the State of Oklahoma; and

"Whereas the people of Oklahoma have voted to substantially increase outlays and taxes in Oklahoma for our public schools; and

"Whereas it is obvious that the people of the United States are confronted with a financial crisis, unparalleled in history, with our future form of Government turning on the decision whether to finance these vital State and local functions from State and local revenues, or shift the burden to the Federal Government through Federal grants-in-aid, which will necessarily mean centralized control of local functions from Washington with proportionately higher costs; and

"Whereas Federal control through grants-in-aid can be avoided, and Federal aid still be obtained by each individual taxpayer, in that each taxpayer automatically shifts part of any tax increase for State and local functions to the Federal Treasury by the process of deducting such State and local tax increases in computing his Federal income tax, which form of Federal aid is vastly preferable to outright grants by Congress to particular projects and purposes that carry with them unacceptable conditions and controls plus the additional Washington brokerage cost: Now, therefore, be it

"Resolved by the Senate and the House of Representatives of the 25th Legislature of the State of Oklahoma:

"SECTION 1. That sound public tax policy requires greater reliance upon State and local sources of revenue for necessary State and local improvements, with less dependence upon Federal appropriations, and the lower Federal taxes which such a policy will make possible.

"SEC. 2. That Federal participation in the cost of State and local improvements (in which the Federal Government may have a legitimate interest) would be continued automatically, as long as State and local taxes paid by each taxpayer are deductible in computing the Federal income tax, and that this form of Federal assistance is preferable to outright grants-in-aid, with their accompanying Federal controls and additional costs.

"SEC. 3. That such a shift in tax policy can only be instituted and accomplished by action of the Congress, followed by corresponding State and local action, rather than the other way around.

"SEC. 4. That the Congress of the United States is therefore respectfully petitioned to institute such a fiscal policy, restudying the financial relationship of the three levels of Government so as to bring about less reliance upon Federal grants-in-aid for traditionally State and local functions of

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government, and to take appropriate action either to submit a constitutional amendment limiting the taxing powers of Congress (except in time of war or grave national emergency) or to call a constitutional convention for such purpose.

"SEC. 5. That a duly attested copy of this resolution be immediately transmitted to the Secretary of the Senate and the Clerk of the House of Representatives of the United States, and to each Member of Congress from this State.

"Passed the senate the 11th day of May 1955.

"PINK WILLIAMS,
"President of the Senate.

"Passed the house of representatives the 23d day of May 1955.

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

A resolution adopted by we, the women of Hawaii, Honolulu, T. H., favoring an amendment of the Hawaiian Organic Act so as to provide reapportionment of the Legislature of Hawaii; to the Committee on Interior and Insular Affairs.

THE PRESIDENT'S PROGRAM FOR SALK VACCINE—RESOLUTION

Mr. BUSH. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution adopted by the Lyme Women's Republican Club, of Old Lyme, Conn., relating to President Eisenhower's program for Salk vaccine.

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

Resolved, that the Old Lyme-Lyme Women's Republican Club wholeheartedly urge support for President Eisenhower's program for Salk vaccine.

Passed June 6, 1955

BLANCHE L. ROSS,
President.

OLD LYME, CONN.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GEORGE, from the Committee on Foreign Relations:

H. Con. Res. 157. Concurrent resolution reaffirming the desire of the American people for peace; without amendment (Rept. No. 565).

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

S. 847. A bill to authorize the construction of two surveying ships for the Coast and Geodetic Survey, Department of Commerce, and for other purposes; without amendment (Rept. No. 566).

By Mr. RUSSELL, from the Committee on Armed Services:

S. 2135. A bill to provide for the suspension of certain benefits in the case of members of the Reserve components of the Army, Navy, Air Force, and Marine Corps ordered to extended active duty in time of war or national emergency, and for other purposes; without amendment (Rept. No. 569).

By Mr. STENNIS, from the Committee on Armed Services, without amendment:

S. 1571. A bill to authorize voluntary extensions of enlistments in the Army, Navy, and Air Force for periods of less than 1 year (Rept. No. 567); and

S. 1725. A bill to repeal two provisions of law requiring that certain military personnel shall be paid monthly (Rept. No. 568).

By Mr. SYMINGTON, from the Committee on Armed Services:

H. R. 4650. A bill to amend the Canal Zone Code by the addition of provisions authorizing regulation of the sale and use of fireworks in the Canal Zone; without amendment (Rept. No. 571).

CONTINUATION OF EFFECTIVENESS OF THE MISSING PERSONS ACT—REPORT OF A COMMITTEE

Mr. RUSSELL. Mr. President, from the Committee on Armed Services, I report favorably, without amendment, an original bill to continue the effectiveness of the Missing Persons Act, as extended, until July 1, 1956, and I submit a report (Rept. No. 570) thereon.

The ACTING PRESIDENT pro tempore. The report will be received, and the bill will be placed on the calendar.

The bill (S. 2266) to continue the effectiveness of the Missing Persons Act, as extended, until July 1, 1956, reported by Mr. RUSSELL, from the Committee on Armed Services, was received, read twice by its title, and ordered to be placed on the calendar.

BILLS INTRODUCED

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

By Mr. McCARTHY:

S. 2254. A bill to provide for the conveyance to the city of Milwaukee, Wis., of two parcels of land which were previously conveyed by the State of Wisconsin to the United States, without consideration, for use by the United States for its marine activities in the Milwaukee area and which are no longer used for such purpose; to the Committee on Government Operations.

By Mr. CHAVEZ:

S. 2255. A bill to authorize and direct the Architect of the Capitol to transfer to the District of Columbia jurisdiction over certain portions of the United States Capitol Grounds and other grounds belonging to the United States for use in connection with the widening of Independence and Constitution Avenues and the rechannelization of Union Station Plaza; to the Committee on Public Works.

By Mr. FULBRIGHT:

S. 2256. A bill to authorize the guaranty of exports against certain risks of a political nature; to the Committee on Banking and Currency.

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

By Mr. RUSSELL (for himself and Mr. SALTONSTALL) (by request):

S. 2257. A bill to amend the Officer Personnel Act of 1947 to provide for the retention on active duty of certain officers of the Regular Army;

S. 2258. A bill to provide a lump sum readjustment payment for Reserve officers who are involuntarily released from active duty; and

S. 2259. A bill to amend section 301, Servicemen's Readjustment Act of 1944 to further limit the jurisdiction of boards of review established under that section; to the Committee on Armed Services.

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

By Mr. KERR (for himself, Mr. MONRONEY, Mr. ELLENDER, Mr. LONG, Mr. McCLELLAN, Mr. FULBRIGHT, and Mr. DANIEL):

S. 2260. A bill granting the consent of Congress to the States of Arkansas, Louisiana, Oklahoma, and Texas to negotiate and enter into a compact relating to their interests in, and the apportionment of, the waters of the Red River and its tributaries; to the Committee on Public Works.

By Mr. BUSH:

S. 2261. A bill to permit charging of tolls on any section of highway constructed under the provisions of the Federal-Aid Road Act approved July 11, 1916, as amended and supplemented, upon repayment of the Federal-aid funds expended thereon; to the Committee on Public Works.

By Mr. WILEY:

S. 2262. A bill to provide for the conveyance to the city of Milwaukee, Wis., of two parcels of land which were previously conveyed by the State of Wisconsin to the United States, without consideration, for use by the United States for its marine activities in the Milwaukee area and which are no longer used for such purpose; to the Committee on Government Operations.

By Mr. KILGORE:

S. 2263. A bill to amend the Rubber Producing Facilities Disposal Act of 1953, to provide for the disposal of the Government-owned facility at Institute, W. Va.; to the Committee on Banking and Currency.

By Mr. MARTIN of Iowa:

S. 2264. A bill for the relief of Yu Heng Gee; to the Committee on the Judiciary.

By Mr. KERR (for himself and Mr. MONRONEY):

S. 2265. A bill for the relief of Thomas J. Morris; to the Committee on the Judiciary.

By Mr. RUSSELL:

S. 2266. A bill to continue the effectiveness of the Missing Persons Act, as extended, until July 1, 1956; placed on the calendar.

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

PROPOSED EXPORT GUARANTY ACT OF 1955

Mr. FULBRIGHT. Mr. President, I introduce, for appropriate reference, a bill to authorize the guaranty of exports against certain risks of a political nature. I ask unanimous consent that a statement, prepared by me, in explanation of the bill, be printed in the RECORD.

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

The bill (S. 2256) to authorize the guaranty of exports against certain risks of a political nature, introduced by Mr. FULBRIGHT, was received, read twice by its title, and referred to the Committee on Banking and Currency.

The statement presented by Mr. FULBRIGHT is as follows:

STATEMENT BY SENATOR FULBRIGHT

I have today introduced a bill to authorize the guaranty of exports against certain risks of a political nature. Briefly, it is the purpose of this bill to provide a program supplying one of the elements now missing in the effort to improve the economic climate for trade in exports from the United States. I am satisfied as a result of studies made on both business and governmental levels that no private underwriting organization in the United States will assume the political risks involved in the export trade in this country.

By political risks I mean, in general, government action which interferes with the carrying out of export transactions, yet which is wholly beyond the control of parties to the transactions. These risks include such items as confiscation, expropriation, and requisition; hostile action ranging from civil strife to full scale war; and governmental actions that restrict convertibility of foreign currencies into United States dollars, or which impose licensing requirements, quotas or embargoes.

I have been advised that if losses from these risks can be guarded against by the Federal Government, private organizations will be inclined to provide whatever complementary insurance may be required against loss due to usual commercial risks.

This bill attempts to make the program as self-liquidating as possible. The corporation created by the bill has a comparatively small Government capitalization of $10 million. It also has authority to borrow up to $50 million from the United States Treasury, if needed, for corporate activities, paying interest to the Treasury on such loans. It is anticipated that the corporation will pay for its own activities out of guaranty fees it collects from exporters, income on investments, and recoveries on assets taken over when guaranty claims are paid.

The bill allows the administering agency great flexibility in working out details of the program in such matters as the specific type of guaranty contracts to be offered, the destination nations to be covered, the types of goods and services to be included, the percentage of risk assumed by the Government, and the varying guaranty fees to be charged.

As in the case of the Federal Deposit Insurance Corporation, this Corporation is permitted to borrow additional funds from the United States Treasury should the other sources of corporate income ever prove insufficient to pay approved claims under guaranty contracts. This authority is one of last resort, to be used only if and after all reserve funds of the Corporation have been exhausted. It is a contingent liability of the Government which the Corporation may never have occasion to use.

The bill also encourages the maximum use of the services of private companies for issuing guaranty contracts and adjusting claims arising under such contracts. In this respect it follows the pattern successfully used by the War Damage Corporation in arranging for issuance of, and adjustment of claims under, war-damage policies during World War II. A similar method of operation was encouraged under Public Law 30, 83d Congress, approved May 21, 1953, authorizing the Export-Import Bank to insure certain personal property of United States origin but located abroad, against risk of loss or damage due to war or expropriation.

The program authorized by the bill will supplement, not supplant, other Federal programs designed to encourage exports from the United States.

The insurance program of the Export-Import Bank under Public Law 30, 83d Congress, is much more limited in scope than the one envisioned in this bill. The Export-Import Bank insurance program originated as a measure of protection for property of United States origin warehoused abroad when all or part of the title to the property remains in the United States owner. In general it was desired to provide insurance protection against loss or physical damage to such property due to the types of war or expropriation risks covered. The concept of credit insurance as such was not involved in that program. Neither does it cover the risks of nonconvertibility of foreign currency into United States dollars.

Other Export-Import Bank programs are administered in accordance with the general theory that (1) capital goods should be the subject of the export and (2) aid should be given only where it can be shown to the satisfaction of the Export-Import Bank that the result will be an increase in United States dollar earnings in the country benefitted or a decrease in United States dollar spending in such country. These principles obviously rule out Export-Import Bank aid for a large number of legitimate export transactions—particularly those involving agricultural products and consumer goods, as distinguished from capital goods.

The Foreign Operations Administration handles an investment guaranty program, but this concept of investment requires the beneficiary to agree to maintain his investment in projects abroad for minimum periods ranging from 3 to 5 years. Moreover, the FOA guaranty program applies only to limited areas where the foreign nation and the United States have entered into specific agreements on a governmental level. Finally, it guarantees only against risks of expropriation or nonconvertibility. In addition, the whole program is temporary, as authority to issue guaranties will expire on June 30, 1957. For these reasons it is obvious the FOA guaranty program offers no assistance to the greater portion of the commercial export trade.

Apart from Federal programs for maritime and aviation insurance under limited conditions, the foregoing are the only United States agency programs directly influencing the export trade.

In addition, the International Bank for Reconstruction and Development has some impact in related fields of foreign development. It can extend long-term loans for development projects in countries that are members of the bank. However, under its charter, such loans must be guaranteed by the government or central bank of the country in which the project is located. This has tended to lead to international bank loans on a government level rather than a private business level. Moreover, there is no assurance the proceeds of an international bank loan will be spent for United States goods or services. Therefore, any effect the International Bank program may have on the United States export trade is at best indirect and remote.

The proposed International Finance Corporation, to be an affiliate of the International Bank, would differ in operating procedure from that bank mainly by not requiring any government or central bank guaranty for loans by the Corporation. I understand it is anticipated that much of the Corporation's program would consist of investment in debentures in order to aid the development of specific industrial projects, without exercising managerial control over the organization issuing the debentures. It is clear that such a program is not competitive with the one proposed in this bill.

Therefore, we note that the United States Government has access to several programs that influence somewhat the field of United States exports, but none of these directly meets the purposes of this proposed legislation.

In brief, the provisions of this bill would directly assist the commercial export of goods or services out of the United States by guaranteeing against loss of nonpayment due to political risks beyond the control of parties to the export transaction.

Similar Government programs are in effect in several nations competing with United States exporters for foreign markets. The United Kingdom, Canada, France, Western Germany, Switzerland, Belgium, the Netherlands, Sweden, and Japan all offer export guaranties or insurance against political risks. Practically all these nations also offer guaranties or insurance against commercial riks. Naturally, these aids constitute stiff Government-aided competition for United States exporters competing against exporters of these nations in foreign markets.

Numerous instances have been noted in which foreign buyers prefer to buy goods made in the United States, but are persuaded to import goods made elsewhere because of the more favorable selling terms offered by exporters of such goods.

This bill is intended to supply a means of meeting this competition by providing guaranties against nonpayment due to political risks on as nearly a businesslike basis as possible in the expectation that private institutions will enter the field of insuring exports against loss due to commercial risks.

Great Britain's export guaranty program has been in existence since 1919. Germany and the Netherlands have been active in this field since the 1920's. Comprehensive programs have been operating in Canada since 1945 and in France since 1948. Most comparable to the pattern proposed by this bill are the plans in operation in Canada and Great Britain. Both nations' official reports show their export credit guaranty or insurance programs to be operating at an overall profit.

Pursuant to Senate Resolution 25 and Senate Resolution 183 of the 83d Congress, the Committee on Banking and Currency undertook a study of the financial aspects of international trade. As part of that study, the Senator from Indiana [Mr. CAPEHART], then chairman of the committee, appointed a Citizens' Advisory Committee of more than 100 members. The report of the Advisory Committee noted the existence of export credit insurance programs in other nations covering exchange risks and other international risks on foreign sales, including inconvertibility. In contemplating a similar United States program, the report states:

"Such insurance would, of course, cover only the risks peculiar to export trade and would not include credit insurance per se, which is recognized to be a matter for the individual exporter and for private credit insurance companies.

"This committee therefore recommends that the Senate Banking and Currency Committee undertake a study for the institution of a plan of export credit insurance for United State exporters."

The bill I am introducing today is a vehicle for carrying out this study and perfecting the required legislation. I expect there may be many changes suggested in this bill before it is ready for committee markup. I invite comments and suggestions. However, I believe it advisable to have before the committee for hearing a specific proposed piece of legislation in this field toward which remarks of witnesses may be directed. It is for that purpose that I am introducing this bill. If hearings show a consensus of opinion that a program of export credit guaranty similar to that contemplated in the bill should be adopted, the committee can quickly proceed to report the perfected bill to the Senate for its consideration.

One of my principal reasons for concerning myself with this problem is the plight of our agricultural economy.

FARM EXPORTS

Markets for sales are necessary to sustain or enlarge the output of farm produce. Markets abroad meet this need equally as well as domestic markets. The United States Department of Agriculture estimates that 9.2 cents of every $1 earned as cash farm income comes from exports. In particular commodities, the share coming from exports was much larger. In 1953, of each $1 cash income from rice, 60 cents came from exports; of each $1 cash income from tobacco, 31 cents came from exports; of each $1 income from

wheat, 27 cents came from exports; and of each $1 income from cotton, 18 cents came from exports.

Stated somewhat differently, in the 1953–54 marketing year, exports accounted for 45 percent of the United States rice crop, 25.8 percent of the tobacco crop, 24 percent of the cotton crop, and 18.6 percent of the wheat crop. In that same year, exports took care of 45 percent of the inedible tallow and greases, 29 percent of the dried prunes, 21 percent of the soybean crop, 18 percent of the lard production, 14 percent of the grain sorghums, and 7.2 percent of the orange crop in the United States.

Assuming a total of 350 million acres of farmland in the United States. 16 percent (55 million acres) were required to produce the farm products exported in 1951. But succeeding years have shown a decline in the number of United States acres kept in production by the export trade. In 1952, it decreased to 12 percent (43 million acres) and in 1953 to only 9½ percent (33 million acres).

The President has recognized that increased productivity of American farms during and since World War II has presented the problem of developing more commercial markets. He has also noted that this problem is part of the larger one of organizing a freer system of trade and payments throughout the world.

Without detracting from its value as an aid in disposing of United States agricultural surpluses, Public Law 480, 83d Congress, approved July 10, 1954, presently offers only the temporary relief of a program due to end June 30, 1957. It attempts to move United States agricultural surpluses into world markets to the extent of $700 million for sales in terms of local currencies and $300 million to meet famine and relief needs. In 1954 the Congress also earmarked $350 million of Foreign Operations Administration funds for the purchase of United States agricultural commodities; but this is also only a temporary solution to the problem at best.

Development of normal trade channels is a desirable alternative to these temporary programs of United States aid. Provision of export credit guaranties against nonpayment for exports due to political risks would constitute one step toward the development of normal trade channels for the export of United States farm products.

PROPOSED LEGISLATION RELATING TO THE ARMED FORCES

Mr. RUSSELL. Mr. President, on behalf of myself, and the Senator from Massachusetts [Mr. SATONSTALL], by request, I introduce, for appropriate reference, three bills relating to the Armed Forces. Each bill is requested by the Department of Defense, and is accompanied by a letter of transmittal, explaining the purpose of the bill. I ask unanimous consent that the letters of transmittal, accompanying the bills be printed in the RECORD.

The ACTING PRESIDENT pro tempore. The bills will be received and appropriately referred; and, without objection, the letters of transmittal will be printed in the RECORD.

The bills, introduced by Mr. RUSSELL (for himself and Mr. SALTONSTALL), by request, were received, read twice by their titles, and referred to the Committee on Armed Services, as follows:

S. 2257. A bill to amend the Officer Personnel Act of 1947 to provide for the retention on active duty of certain officers of the Regular Army.

The letter accompanying Senate bill 2257 is as follows:

DEPARTMENT OF THE ARMY,
Washington, D. C., May 27, 1955.

Hon. RICHARD M. NIXON,
President of the Senate.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation "To amend the Officer Personnel Act of 1947 to provide for the retention on active duty of certain officers of the Regular Army."

This proposal is a part of the Department of Defense legislative program for 1955, and the Bureau of the Budget has advised that there would be no objection to its submission to the Congress for consideration. The Department of the Army has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF LEGISLATION

The purpose of this legislation is to permit the retention on active duty of permanent major generals in the Regular Army who are either holding temporary appointments in any grade above major general or are serving in positions which carry rank above that of major general, until they reach the age of 62.

Section 514 of the Officer Personnel Act of 1947 (61 Stat. 902; 10 U. S. C. 941a) now provides that permanent major generals of the Regular Army must be retired upon attaining 5 years' service in the permanent grade of major general and 35 years' service, except that the retirement of major generals who prior to reaching age 60 have completed 5 years of service in the permanent grade of major general and 35 years of total service in the Regular Army may be deferred until the age of 60 years.

With the exception of 10 selected officers (5 for the Army and 5 for the Air Force) permanent major generals must be retired upon attaining age 62 even though 5 years in grade and 35 years' service has not been completed by that time.

The present law, in effect, compels the retirement, at age 60 of officers who are promoted to the permanent rank of major general before reaching age 55, while those officers who are not promoted to major general until after age 55 must be retained past age 60. This results in a potential loss of services to the Government of many highly qualified officers who by reason of ability and experience have attained the permanent grade of major general at an earlier age and who may now be serving in a higher temporary appointment (lieutenant general or general), or are serving in positions which carry rank above that of major general.

Subparagraph (B) of the proposed legislation is necessary to preserve the existing authority of section 514 (d) (1), Officer Personnel Act, for the Department of the Air Force to retain certain permanent major generals until age of 60, and to defer until age 64 five such officers serving in a temporary grade above major general or in positions which carry a higher rank.

COST AND BUDGET DATA

No increase in cost is anticipated as a result of enactment of this proposed legislation.

Sincerely yours,
ROBERT T. STEVENS,
Secretary of the Army.

S. 2258. A bill to provide a lump-sum readjustment payment for Reserve officers who are involuntarily released from active duty.

The letter accompanying Senate bill 2258 is as follows:

DEPARTMENT OF THE ARMY,
Washington, D. C., June 4, 1955.

Hon. RICHARD M. NIXON,
President of the Senate.

DEAR MR. PRESIDENT: Forwarded herewith is a draft of legislation to provide a lump-sum readjustment payment for Reserve officers who are involuntarily released from active duty, and a sectional analysis thereof. It is recommended that this proposal be enacted by the Congress.

This proposal is a part of the Department of Defense legislative program for 1955. The Bureau of the Budget has advised that there would be no objection to its transmittal to the Congress for consideration. The Department of the Army has been designated as the representative of the Department of Defense for this legislation.

PURPOSE OF THE LEGISLATION

This proposal would amend the Armed Forces Reserve Act of 1952 to provide a lump sum readjustment payment for Reserve officers involuntarily released from active duty after its enactment, and who shall have completed at least 5 years of continuous active duty as an officer or warrant officer. This payment would be computed by adding (1) one-half of 1 month's basic pay of the grade in which he is serving at time of release from active duty for each year of active warrant or commissioned officer service up to and including the 10th year, and (2) 1 month's basic pay of that grade for each year of active warrant or commissioned service beginning with the 11th year and ending at the close of the 20th year. A part of a year that is 6 months or more would be counted as a whole year, and a part of a year that is less than 6 months would be disregarded.

The proposal is designed primarily to provide a readjustment payment for Reserve officers involuntarily released from active duty; the following classes of persons would not be entitled to such payments: (1) those relased from active duty at their own request; (2) those released from active duty for training; (3) those released from active duty because of moral or professional dereliction; and (4) those who upon release would be immediately eligible for retired or retirement pay based upon military service or who elect to receive severance or separation pay, based upon military service under any other provision of law. Additionally, Reserve officers involuntarily released may elect to receive readjustment pay or Veterans' Administration disability compensation to which they may be entitled, but duplicate payments would not be permitted.

By special provision, a Reserve officer on active duty and within 2 years of qualifying for retired or retirement pay could not be involuntarily separated from active duty before he so qualifies except with the approval of the Secretary of the military department concerned.

Acceptance of readjustment pay would not deprive a person of any retired or retirement pay or other retirement benefits from the United States to which he would otherwise become entitled. However, an amount fixed by regulation and based upon the person's life expectancy would be deducted each month from any retired or retirement pay which is based entirely on military service for which he has received readjustment pay until the total amount of the deductions equals the amount of the readjustment pay received.

Additionally, those who receive readjustment pay under this legislation would not be entitled to musteringout pay under the Servicemen's Readjustment Act of 1944 or under the Veterans' Readjustment Assistance Act of 1952.

As a result of the Korean hostilities and related international tension of the last few years, a large number of Reserve officers with wartime experience have been retained on active duty. These officers have served faithfully and efficiently, in many cases, for 10 or more years. Many are approaching the age at which their usefulness to the military force is less than that of younger officers who are needed for current and future military service. These older Reserve officers have been away from civilian life for an extended period and in some cases have been called away from their civilian occupations on two separate occasions during World War II and the Korean incident. The Department of Defense believes that they should be given an equitable payment upon involuntary release from active military duty to help them readjust to civilian life again.

The principle of readjustment pay embodied in this legislative proposal is not new. Under the provisions of title IV of the Career Compensation Act of 1949, severance pay is provided for Regular officers involuntarily separated for physical disability. Likewise, section 235 of the Armed Forces Reserve Act of 1952 authorizes separation pay for Reserve officers involuntarily released from active duty prior to the expiration of the person's agreed period of service entered into under the provisions of that section. This proposal would provide readjustment pay supplementary to that outlined above and for a class of officers for which such benefits are not now provided under existing law. It would not duplicate or provide double benefits since an individual could not receive readjustment pay and severance or separation pay.

In drafting and recommending this proposal, the Department has tried to provide: (1) Equitable, but not excessive, compensation for those involuntarily released; (2) a readjustment pay that is not so attractive as to deter Reserve officers from striving for regular appointments; (3) that an officer who receives such benefits in relation to acquiring retirement eligibility under other laws applicable to him not be penalized; and (4) to guarantee the Reserve officer that if he remains on active duty for a number of years and is then involuntarily released, he will be assured of some degree of economic security during his readjustment to civilian life.

It is estimated that to maintain the active military forces at a level approximating 2.8 million currently and for the foreseeable, it will be necessary to keep approximately 150,000 Reserve officers on active duty to supplement the Regular officer corps. Excessive turnover of these Reserve personnel is costly and detrimental to the effectiveness of the military forces and the national security. The economic security which would be given by this legislation provides an inducement for qualified Reserve officers to remain on active duty for prolonged periods thereby reducing costly personnel turnover and increasing the effectiveness of our fighting forces through retention of experienced officers needed to direct our military units.

COST AND BUDGET DATA

The estimated cost of this legislation in fiscal year 1956 is $5,462,000. There will probably be costs resulting from this legislation in fiscal years subsequent to fiscal year 1956 which cannot be accurately estimated since approved military personel programs for these years have not been established at this time.

Sincerely yours,

ROBERT T. STEVENS,
Secretary of the Army.

SECTIONAL ANALYSIS

Section 1 amends the Armed Forces Reserve Act of 1952 by adding a new section after section 259, which will be designated "section 260."

Subsection (a) provides that a Reserve officer who is involuntarily released from active duty after the enactment of this section and after having completed immediately prior to such release at least 5 years of continuous active duty as an officer or warrant officer is entitled to a lump-sum readjustment payment computed on a formula.

Subsection (a) (1) and (a) (2) sets forth the formula for computation of readjustment pay.

Subsection (b) lists the persons not entitled to any payments under this section.

Subsection (c) provides that the acceptance of readjustment pay under this section shall not deprive a person of any retired or retirement pay or other retirement benefits to which he would otherwise become entitled. It also provides, under regulations to be prescribed by the appropriate secretary, if a person who received readjustment pay later receives retirement pay, the amount of the readjustment pay shall be deducted from such retirement pay at a fixed amount monthly based upon his life expectancy at that time.

Subsection (d) provides under regulations prescribed by the appropriate secretary that a Reserve officer who is on active duty and is within 2 years of qualifying for retired or retirement pay under any purely military retirement system shall not be involuntarily separated before he qualifies for that pay.

Subsection (e) provides that a Reserve officer who on the effective date of the enactment of this section is serving on active duty under an active-duty agreement under section 235 of this act, and who is involuntarily released from active duty before completing his agreed term of service, may elect, in lieu of separation payment under his active-duty agreement, to receive readjustment pay under this section.

Subsection (f) provides that payments accruing to an officer under this section shall be reduced by the amount of any payment previously received by that officer under this section.

Subsection (g) provides that a Reserve officer who receives readjustment pay under this section is not entitled to mustering-out pay under the Servicemen's Readjustment Act of 1944 or under the Veterans' Readjustment Assistance Act of 1952.

Subsection (h) provides for a definition of (1) "Reserve officer" and (2) "involuntary release."

S. 2259. A bill to amend section 301, Servicemen's Readjustment Act of 1944, to further limit the jurisdiction of boards of review established under that section.

The letter accompanying Senate bill 2259 is as follows:

DEPARTMENT OF THE AIR FORCE,
Washington, June 7, 1955.

HON. RICHARD M. NIXON,
President of the Senate.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation, to amend section 301, Servicemen's Readjustment Act of 1944, to further limit the jurisdiction of boards of review established under that section.

This proposal is a part of the Department of Defense legislative program for 1955 and the Bureau of the Budget has advised that there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Air Force has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of the proposed legislation is to remove the review of punitive discharges from the armed services, resulting from the sentences of special courts-martial under the Uniform Code of Military Justice, from the jurisdiction of the so-called discharge review boards established under the provisions of section 301 of the Servicemen's Readjustment Act of 1944. The effect thereof would be to limit the jurisdiction of such boards to a review of (1) administrative separations from the services, and (2) punitive discharges resulting from the sentences of courts-martial (other than general courts-martial) adjudged prior to the effective date of the Uniform Code of Military Justice. The review of punitive discharges or dismissals resulting from the sentences of special courts-martial under the Uniform Code of Military Justice and general courts-martial would be limited, except as noted below, to the procedures prescribed in the Uniform Code of Military Justice (Public Law 506, 81st Cong.).

At the time of enactment of the Servicemen's Readjustment Act of 1944, the only discharges and dismissals from the Army, including the Air Corps, resulting from court-martial sentences were those based on sentences of general courts-martial, the review of which was expressly excluded from the jurisdiction of the discharge review boards established under section 301 of that act. Title II of the Selective Service Act of 1948, the effective date of which was February 1, 1949, introduced the bad-conduct discharge to the Army and the Air Force as an additional punitive discharge. This bad-conduct discharge has been continued under the Uniform Code of Military Justice for all three services, and it may be imposed by sentence of either a special or a general court-martial, whereas the dishonorable discharge may only be imposed by sentence of a general court-martial. Thus, a bad-conduct discharge, if imposed by a special court-martial, is, in addition to the reviews provided by the Uniform Code of Military Justice, subject to an additional review by a discharge review board under section 301 of the Servicemen's Readjustment Act of 1944. As the Uniform Code of Military Justice clearly provides for the finality of court-martial judgments with appropriate appellate review, it is considered neither appropriate nor desirable that this additional review afforded by the Servicemen's Readjustment Act be continued in effect in the case of bad-conduct discharges imposed by reason of the sentences of special courts-martial under the code.

It should be noted that under section 12 of the Act of May 5, 1950, the first section of which is the Uniform Code of Military Justice, the Judge Advocate General of any of the Armed Forces is authorized, inter alia, to substitute for a dismissal, dishonorable discharge, or bad-conduct discharge, a form of discharge authorized for administrative issuance, in any court-martial case involving an offense committed during the period of World War II and until May 31, 1951, provided the accused submits a petition before May 31, 1952, or within 1 year after completion of appellate review of his case, whichever is the later. In addition, the enactment of this proposal would not affect the review authority conferred by section 207 of the Legislative Reorganization Act of 1946, under which the Secretaries of the military departments, acting through boards of civilian officers or employees, may correct military or naval records where necessary to correct an error or remove an injustice. This authority has been considered to extend to the review and correction of entries in records resulting from the action of courts-martial and to the issuance of a new discharge. Thus, there are other means by which possible injustices resulting from punitive discharges may be corrected, in addition to the

review authority presently afforded by section 301 of the Servicemen's Readjustment Act of 1944, in the case of bad-conduct discharges imposed by sentences of special courts-martial.

LEGISLATIVE REFERENCES

Proposed legislation designed to remove the review, under section 301 of the Servicemen's Readjustment Act, of discharges or dismissals by reason of the sentence of any court-martial was presented for the consideration of the 82d Congress, as part of the Department of Defense legislative program for 1952. It was introduced in the House as H. R. 6769, and in the Senate as S. 2730, and passed the House on May 5, 1952. That proposal was resubmitted to the 83d Congress on January 5, 1953, and was introduced as H. R. 2273 and S. 1646.

COST AND BUDGET DATA

Enactment of this proposal would result in no increase in the budgetary requirements of the Department of Defense.

Sincerely yours,

HAROLD E. TALBOTT.

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. CHAVEZ:

Address delivered by him on June 11, 1955, at the national convention of the League of United Latin American Citizens.

By Mr. BYRD:

Address entitled "America and the Far East," delivered by Senator FLANDERS to the Royal Institute of International Affairs, London, England, June 16, 1955.

By Mr. MARTIN of Pennsylvania:

Address delivered by him at the Waynesburg College (Pa.) alumni dinner on June 11, 1955, and editorial entitled "Graduation Time Here for Colleges," published in a recent edition of the Washington (Pa.) Observer.

By Mr. GORE:

Address delivered by Senator KEFAUVER to the graduating class of Baxter Seminary, Baxter, Tenn., on Friday, May 27, 1955.

NOTICE OF HEARINGS ON PROPOSED BANK HOLDING COMPANY LEGISLATION

Mr. FREAR. Mr. President, on behalf of the Subcommittee on Banking of the Senate Committee on Banking and Currency, I desire to give notice that a public hearing will be held on S. 880 and H. R. 6227, relating to the control and regulation of bank holding companies, and any other such bills as may be pending before the subcommittee. This hearing will begin at 10 a. m. on Tuesday, July 5, 1955, in room 301, Senate Office Building.

All persons who desire to appear and testify at the hearing are requested to notify Mr. J. H. Yingling, chief clerk, Committee on Banking and Currency, room 303, Senate Office Building, telephone National 8-3120, extension 865, before the close of business on Wednesday, June 29, 1955.

Mr. President, hearings were held on similar proposed legislation by the Senate Committee on Banking and Currency in the 83d Congress, and when printed, comprised 830 pages of testimony and exhibits. At the present there are only two members of the committee who were not members at the time of those hearings.

In addition, the House Committee on Banking and Currency this year held hearings which when printed comprised 645 pages of testimony and exhibits. In previous years the Senate committee has held lengthy hearings on this matter. The proposed legislation has been before the committee for many years.

For these reasons the committee feels justified in asking witnesses who desire to be heard to conform to the provisions of the Reorganization Act which permit witnesses to file extended statements, but also provide that such statements be summarized in oral testimony. The committee reserves the right to limit oral testimony to such periods of time as it may determine, in addition to such time as may be required for questioning of witnesses by committee members, unless the chairman, for good cause, grants additional time.

DEEPENING THE DELAWARE CHANNEL

Mr. MARTIN of Pennsylvania. Mr. President, the matter of an appropriation for deepening the Delaware Channel is now being considered. It has been suggested that a part of the cost of deepening this channel be paid for by those who will use it.

I call to the attention of my colleagues that that would be an innovation in the United States. The care of rivers and harbors has always been an obligation of the Federal Government.

The Federal Government has now put into the development of the Delaware River the sum of $105 million. On that investment the Government has received, from customs collected, a return of $14.25 for each dollar spent.

The Philadelphia Inquirer of this morning, Thursday, June 16, contains a challenging editorial on this subject. I ask unanimous consent that the editorial be printed at this point in the body of the RECORD as a part of my remarks.

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

OUR CHANNEL IS PAYING ITS WAY NOW

The American Revolution was fought in part to free this country from unreasonable restrictions upon its commerce and stupid obstacles to its trade.

The phenomenal economic growth of the United States has been due in large degree to the policy laid down by the Founding Fathers—a policy of keeping our arteries of commerce wide open and free.

That is why there are no trade barriers between States; no interstate customs stations as in Europe; no taxation on interstate commerce. That is why development and control of America's navigable rivers have been a traditional responsibility of the Federal Government which could keep them free, and not of the States which might find it profitable to hamper waterborne commerce. That is why, save for special facilities, there have been no tolls—up to now—on the great water arteries of our Nation.

Freedom of our rivers has been as universally accepted a doctrine as freedom of the seas.

Now, at this late date, some strange influences at Washington seek to reverse that policy. They would turn their backs on our national experience, and decree that the Founding Fathers of the United States of America were not as wise as history has shown them to be.

It is seriously proposed to levy tolls from the ships which use the Delaware River.

This proposition was put to Walter P. Miller, president of the Chamber of Commerce of Greater Philadelphia, at a conference with Presidential Assistant Sherman Adams and Assistant Budget Director Donald Belcher. It was argued that the Delaware River should be put on a pay-as-you-go basis.

We are amazed that Messrs. Adams and Belcher do not know that the Delaware River is paying its way right now.

Commerce in the upper Delaware (where the Budget Bureau has opposed channel deepening unless United States Steel pays half the cost) has increased rapidly. So much so that a new customs station was established in the Trenton-Morrisville area 3 months ago.

Officials predicted that this station would further boost customs collections in this area. They already had been rising. For February last they had jumped to $3,628,-037—or more than 25 percent over February 1954.

All that is income for the Federal Government. It is income which has been made possible by that freedom of the river policy which was established when the Nation's foundations were laid.

And there's still more to the story, if Messrs. Adams and Belcher are interested. Over the past 50 years, Delaware River development has cost the Federal Government $105 million. On that sum it has received a return of $14.25 for each dollar invested. In 1951 alone the port of Philadelphia customs receipts were $52,300,000.

Yet these gentlemen have the effrontery to suggest that the Delaware River be made to pay its own way.

Do they propose to levy tolls on all the other main rivers of the United States? Do they urge tolls to recoup the huge sums which Uncle Sam has invested in New York Harbor? The Federal Government paid the entire bill to deepen the Hudson River to accommodate just two ships, foreign ships: the *Queen Mary* and the *Normandie*, and no quibbling then. Is it planned to establish toll stations along the Mississippi, where vast sums are spent for channel maintenance?

We could go on, and on. We could even ask some embarrassing questions about the St. Lawrence Seaway, and the interests which seem determined to promote that, and hold Delaware Valley down.

The fight for Delaware Valley's channel has just begun. It is incredible to us that anyone in the Nation's Capital should seriously propose turning the clock back before the revolution. It is particularly outrageous that anyone should tell Delaware Valley to pay its own way on its mighty river—when it is paying its way, many times over.

THE BIG FOUR MEETING "AT THE SUMMIT"

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may be allowed to proceed for an additional minute and a half to 2 minutes.

The ACTING PRESIDENT pro tempore. Without objection, the Senator from Montana may proceed for 4 minutes.

Mr. MANSFIELD. Mr. President, I wish to make a short statement. It is a somewhat personal matter, but I wish to share with the Senate some of the thoughts which have been occupying my attention these last few days.

In a few weeks, the big four conference will take place in Switzerland. This will be the so-called meeting at the summit, toward which the Western World has been groping during the past few years. We should not overestimate the importance of the meeting. It is not the last hope of mankind. Nor is it likely, in several days, to produce final solutions to the complex problems which divide the nations.

If we should not overestimate it, neither should we underestimate the significance of the conference. The entire world has a great stake in the outcome, no people a greater stake than ourselves. If we are to live in a world with other nations then we must talk with other nations. From this conference can come further illumination of the paths we seek, the paths which lead to a fear-free peace.

We shall help the President and the Secretary of State and, in so doing, ourselves, if we repose in them at this time our full faith and confidence. They may make errors; human beings are not immune to errors. But we shall minimize the possibilities of mistakes if we permit them to negotiate with strength and conviction as the spokesmen for the entire Nation.

The results which are produced by this conference need to be examined closely by all of us. That does not mean, however, that in the style of the Yalta recriminations we need to snoop into every cough or casual comment of the negotiators in a search for malicious significance. All of us in this Chamber know, and the American people know, that agreement is reached by give and take, and sometimes it is best reached in seclusion.

Agreement is an accommodation to reality. It leads not always to the world of perfection, which is a fantasy of childhood. It can lead, however, if it is successful, to a situation in which men and women and their families may live out their lives in decency, reasonable security, and hope for the future.

If the conference that is about to take place can move us in that direction, however slightly, it will have made a worthwhile contribution. It will not move us in that direction if we equate negotiation with surrender; if we assume that every act which is not accompanied by a blustering threat or a display of armed might is an act of appeasement.

Let us, in the precess of debate, by all means criticize our national leaders for errors if they make them. That is a fundamental part of the democratic process, and it applies in foreign relations no less than in domestic affairs. But at the same time let us pledge ourselves now to spare them the indignity which their predecessors were not spared—the indignity that would question their motives or their patriotism. Let the President and the Secretary of State, in short, go into the conference with the full support of a united people. For myself, I pledge that they shall have that support.

TRIBUTE TO THE LATE ROBERT MARION LA FOLLETTE, SR.

Mr. WILEY. Mr. President, this coming Saturday, June the 18th, will mark an important anniversary albeit a sad one, in the history of Wisconsin. Saturday will be the 30th anniversary of the passing of one of the great political titans of this country—Wisconsin's immortal Robert Marion La Follette, Sr.

Earlier this week, June 14, was the 100th anniversary of his birth. But for the fact that on that day I was in Baraboo in my State to deliver a Flag Day address, I would have been pleased to refer on the Senate floor to this fine centennial observance.

I am pleased, however, that my colleague, the distinguished junior Senator from Oregon [Mr. MORSE] who grew up in Verona, Wis., near the La Follette farm, did not allow the occasion to pass without paying eloquent and well-deserved tribute to Wisconsin's "Fighting Bob." I am pleased also that Congressmen HENRY REUSS and LESTER JOHNSON of Wisconsin did honor to this great son of the Badger State, as did our neighbor, Congressman ROY W. WIER, of Minnesota.

Mr. President, the name La Follette is one which has, on a great many occasions, aroused fiery controversy here in Washington, throughout the Nation, and particularly in my own State. But with the passing of the years, with the calming of political tempers, the name La Follette has rightly emerged in the eyes of even its onetime bitterest foes, as a name worthy of inscription in the finest pages of American political history.

To us of Wisconsin who fought alongside Bob Sr., or even to those who fought against him, alongside the late Bob, Jr., or against him, alongside Phil or against him, the name La Follette is a particularly unforgettable name. It is one which, whatever our individual views, we regard as a name of utmost integrity, indomitable courage, and deepest dedication.

The statute books of Wisconsin and the Nation are filled with so many splendid laws written by the La Follettes or spurred by them as not to need elaboration on my part. Suffice it to say, that a great segment of the movement for Federal and State legislation in the interest of the underprivileged, the economic underdog, whether it be the small farmer, or working man or woman, or any other group, owes its inspiration in tremendous part to the dynamic abilities and tireless energies of the La Follettes.

I am most pleased that the Chief Justice of the United States, the Honorable Earl Warren will, in Madison this coming Sunday, June 19, to be the principal participant in appropriate ceremonies honoring Bob La Follette, Sr. Fighting Bob would have prized the tribute of Earl Warren, because they are both men of deepest interest in human values.

In my own State, it is true that there are some wounds remaining from the bitter battles from which the La Follettes never wavered, wounds in my own Republican Party particularly. But I feel that every one of us—Republican, Democrat, ex-Progressive—should pause in grateful tribute for the worthy things this family meant to our State and to the Nation as a whole.

I personally had the privilege of campaigning in times gone by for Bob, Sr. Later, I had the pleasure of serving with Bob, Jr., here in the Senate in my early years of service, and I have rarely known a more courteous gentleman, a harder working Member of this body, or one for whom, however wide our differences, I could feel a deeper sense of respect.

Back home, the Republican Party of Wisconsin was for years and years a battleground between progressive and antiprogressive influence. Many outstanding Wisconsinites fought hard against the La Follette influence, just as many fine Wisconsinites fought for that influence inside and outside the Republican Party. But whatever their feelings regarding Bob Sr.; Bob, Jr., or Phil, I know that they share a tremendous respect for this remarkable family who wrote themselves so large in the history of my State and of our Nation.

So I want to pay my personal tribute to this giant figure, Bob, Sr.—Congressman, Senator, Governor, presidential candidate, man of audacious convictions and unyielding strength.

As the milestone marking the end of the first century since the birth of Bob, Sr., slips behind us, and as the milestone of the 30th anniversary of his untimely passing recedes from us, I hope that we will all go forward—inspired by his liberal, forward-looking spirit, refreshed and encouraged by the battling spirit which he bequeathed to his sons, and to us all. It was a warrior spirit, a spirit which took on special interests, however mighty, which braved the wrath of despotic power from any quarter, which fought as hard as it could, but which never stooped to a low blow. It was a spirit which fought with honesty, gallantry, and with great effectiveness.

I salute this great servant of my State—who graced this Chamber with such distinction—and convey my warmest word of greeting to his surviving family and relatives.

KANSAS CITY CRIME COMMISSION OPPOSES STAY OF DEPORTATION OF NICOLO IMPASTATO

Mr. WILEY. Mr. President, the right of Members of the Senate and House of Representatives to introduce private bills, affecting the immigration or naturalization of various individuals is an important right.

On a great many occasions, we have seen that injustices have been corrected; that important service to the Nation has been rendered, by the passage of private bills, for example, bills to keep in our country various worthwhile individuals

who might otherwise be deported, particularly behind the Iron Curtain.

We all realize, however, that occasionally included among those who seek the benefit of private bills, are highly unworthy individuals, and each of us knows that we must be on our guard against such unworthy individuals.

I was interested to read, therefore, the May 31, 1955, issue of a bulletin published by the Kansas City, Missouri Crime Commission, a large portion of which was devoted to well-deserved criticism of any effort to keep in the United States a certain individual who would be the beneficiary of S. 212, one Nicolo Impastato.

In describing a private bill on behalf of this individual, Mr. Wayne Murphy, managing director of the crime commission, stated, as reported in the Kansas City Times of May 10, 1955:

> Mr. Impastato's chief public contribution to his adopted land has been to distribute heroin through eight States in the Middle West.

Of all the low, filthy crimes in the United States, there is nothing lower or filthier than peddling dope.

Mr. Impastato was a member of an eight-State heroin ring which did a volume of more than a million dollars a year. No one can count up the lives wrecked by this individual.

It would be unthinkable, therefore, if any bill in his behalf received the slightest attention except to be quickly killed in the Immigration Subcommittee of the Senate Judiciary Committee.

As ranking Republican member of the full committee and as former member of the Kefauver Crime Committee, I shall do everything I can toward that end.

Let me say that in my judgment far too often in recent years stay-of-deportation bills have been offered on behalf of proven criminals.

The right to reside in the United States—the privilege of becoming a citizen of the United States—are precious ones, and they should certainly not be squandered on the likes of a dope peddler.

As matter of fact, it is extremely unfortunate that far too often deportation actions against convicted hoodlums have been snarled in redtape in the courts for years and years. I believe that all individuals, particularly American citizens, are entitled to due process of law, but I do not believe that we should fail in our obligations to crack down mercilessly on those who have betrayed their host country.

I send to the desk excerpts from the Kansas City Crime Commission memorandum, and ask unanimous consent that they be printed at this point in the body of the RECORD.

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

POINTS OF INTEREST

KANSAS CITY CRIME COMMISSION,
Kansas City, Mo., May 31, 1955.

This proposed legislation, if passed by Congress and signed by the President, would nullify present deportation proceedings against Impastato who is now a resident of Kansas City, Mo. These proceedings are now pending in our Federal court. The proposed bill declares this alien "to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee." Passage of the legislation would mean that Impastato could remain permanently in the United States.

The following illuminating facts in this case are of interest.

On July 22, 1953, the final order of deportation was entered against Impastato by the United States Immigration Bureau on the grounds that he entered the United States illegally in 1924 and was convicted in Federal court at Kansas City, Mo., in 1942 for violation of the narcotic laws. The records of the clerk of the United States District Court of Kansas City, Mo., Criminal Docket No. 15377, reflect Impastato was indicted by the Federal grand jury here on April 1, 1942, for violation of the Federal narcotic laws; that on November 4, 1942, he entered a plea of guilty, and on April 14, 1943, Federal Judge Albert L. Reeves sentenced him to 2 years imprisonment. The clerk's docket further shows Impastato was delivered on April 16, 1943, by the United States Marshall of Kansas City, Mo., to the Federal Correctional Institution at Texarkana, Tex., to serve this sentence. The clerk's file in this case shows that the indictment to which Impastato plead guilty, and upon which he received his 2-year sentence, charges Impastato and 11 others specifically with concealing and facilitating the concealment of approximately 66 ounces of a narcotic drug, heroin hydrochloride, the place of concealment of said drug being at 425 South Montgall Street, in Kansas City, Mo., knowing at the time of the concealment and at the time of the facilitation of concealment of these narcotics that they had been imported into the United States contrary to the laws thereof. The indictment charges that this offense took place during 1941. Police records show that Impastato served 18 months and 60 days on this sentence and he was released from the above institution on conditional release November 19, 1944.

On July 23, 1953, the day following the deportation order, this alien filed a petition for a writ of habeas corpus in the United States District Court of Kansas City, Mo. The dismissal of this writ by the Federal district court was unsuccessfully appealed by the alien to the United States Circuit Court of Appeals at St. Louis, Mo. That body on April 21, 1954, upheld the ruling of the district court. The court of appeals, in effect, said that Impastato could be deported to his native Italy.

On November 15, 1954, Impastato filed another petition for a writ of habeas corpus in the United States District Court at Kansas City for the purpose of staying the deportation order. The hearing on this writ was continued on January 14, 1955, pending the outcome of the Langer-Johnston bill in the present Congress. In the meantime Impastato is free on bond approved by the Federal court at Kansas City.

It will be remembered that Impastato was prominently mentioned in hearings before the Special Committee To Investigate Organized Crime in Interstate Commerce, United States Senate, 81st Congress, known as the Kefauver committee, in the testimony of Claude A. Follmer, United States narcotic agent, Treasury Department, Kansas City, Mo., as set out in pages 81 to 100 inclusive of part 4 of the hearings that took place in Kansas City on September 28, 1950. For reasons of brevity it will not be possible to set out in this publication all of Mr. Follmer's testimony. The salient features of his testimony are summarized as follows:

He testified that for many years (prior to 1950) Kansas City was the scene of violence, bloodshed, and terror in connection with the traffic in illicit narcotic drugs; that one of the most vivid examples of this organized interstate criminal enterprise is shown in the events and circumstances of the case known in the files of the Federal Narcotic Bureau as "SE-202; Carl Carramusa, et al." This investigation progressed at Kansas City during 1941 and 1942 while undercover agents of the Federal Narcotic Bureau made purchases of narcotic drugs, and on February 17, 1942, Carl Carramusa and Charles Taibi alias Ryan were apprehended. Surveillance of Carramusa prior to his arrest indicated he had access to a large quantity of drugs and by elimination the agents eventually located his cache, an ingeniously devised secret panel in the wall of an apartment. The wholesale value of heroin then seized was in excess of $40,000. When cut and delivered to the addict consumers these drugs would yield approximately one-quarter of a million dollars. On April 1, 1942, indictments were returned charging Nicolo Impastato and 10 other persons, including Carl Carramusa, with violation of the Federal narcotic laws.

Mr. Follmer further testified that the story behind these indictments began in 1929 when narcotic agents learned a man known only as Nicoline (later identified as Impastato) arrived in Kansas City from Chicago and became the strong-arm man for John Lazia, then underworld czar. Lazia was later assassinated (1934).

He further testified that in New York City in 1937 narcotic agents arrested Nicola Gentile in connection with a nation-wide narcotic syndicate involving 88 persons throughout the United States and Europe. Gentile had an address book in his possession at the time of his arrest which was a veritable "Who's Who" in narcotic traffickers. The names of Impastato and other members of the Kansas City syndicate were duly listed. Gentile later jumped a heavy bond and fled to his native Sicily, where he became an intimate of the notorious Lucky Luciano.

Follmer further testified that shortly after his arrival in Kansas City, according to reliable information, Impastato became second in command here in the narcotic syndicate; this outfit soon developed contacts with major sources of narcotic drugs at various points in the United States, and in a short time were supplying not only the Kansas City area but addicts in Texas, Oklahoma, Iowa, Nebraska, Arkansas, Kansas and Illinois. In 1942 it was determined one of the sources of supply for the Kansas City group was an organization in Tampa, Fla., which received smuggled drugs from Marseilles, France via Havana, Cuba. The traveling representative who brought the drugs to Kansas City was James De Simone. New indictments were returned by the Federal Grand Jury at Kansas City on December 18, 1942 charging 155 counts of narcotic law violations against Impastato and 13 persons, including Carl Carramusa, James De Simone and Thomas Buffa. The indictment as to Buffa was dismissed due to lack of evidence. Buffa testified for the Government in a collateral matter involving perjury on the part of a paramour of another defendant. She was convicted. Upon Buffa's return to St. Louis, Mo., where he lived, an attempt was made to assassinate him, and he fled to California. In 1946 at Lodi, Calif., Buffa was slain by shotgun blasts.

Mr. Follmer testified that the successful culmination of the aforementioned investigation resulted through the active cooperation of Carl Carramusa who openly testified for the Government at the trial. Carramusa went into hiding, changed his name, and began a new life with his wife and family in Chicago. Three years later, in June, 1945, at Chicago, Carramusa's head was blown off by a shotgun just as his family was about to

join him in his automobile en route to a wedding anniversary party.

It should be noted that James De Simone, who was one of the defendants indicted with Impastato in December, 1942 was on September 19, 1953 deported by the United States Government by plane form New York to his native Italy. This deportation was based on his conviction in 1943 for violation of Federal narcotic laws growing out of the aforementioned December 18, 1942 indictment, as a result of which he received a 6-year sentence in Federal prison.

Is the Congress of the United States by Senate Bill No. 212 going to grant Impastato this special favor in 1955 just in order to keep him from being deported? What service has he rendered to the United States since his illegal arrival in this country that would warrant this special treatment? We hope the Congress will not pass this extraordinary piece of legislation. At least, we are opposing it. Letters have been sent by the Kansas City Crime Commission to Senators THOMAS C. HENNINGS and STUART SYMINGTON, of Missouri; Congressman RICHARD BOLLING, of Kansas City; Senator HARLEY M. KILGORE, of West Virginia, who is Chairman of the Judiciary Committee of the United States Senate; and to all other Senators on that committee, protesting the passage of Senate Bill No. 212. Likewise, Attorney General Herbert Brownell has been apprised by letter of our position in this matter.

"We shall see what we shall see" with respect to its fate.

GREAT STONE FACE MEMORIAL STAMP

Mr. BRIDGES. Mr. President, on Tuesday next at Franconia a postage stamp will be placed in service to publicize the Great Stone Face, a magnificent natural phenomenon of native rock 80 feet high, otherwise known as the Old Man of the Mountains.

Perhaps this monumental example of nature's artistry was recognized and appreciated by the Indians. In any case, just 150 years ago it was discovered by men of European ancestry, and this event of 1805 is being celebrated appropriately in New Hampshire next Friday, with the President of the United States attending.

Having these thoughts in mind, I invite attention briefly to the fact that it is to a talented New England literary genius that the world owes the acquaintance it previously has had with the Great Stone Effigy. A short story by Nathaniel Hawthorne, published in 1842, has carried its name wherever the English language is used. The author was a native of Salem, Mass., born July 4, 1804. Educated at Bowdoin College in Maine, he became a voice for all the Northeast portion of the United States while yet a young man. From his home in the old manse at Concord and later from his home in his native town and from various cities in Europe to which he went in the service of his country there came such classics as Twice-Told Tales, A Wonder Book, Tanglewood Tales, Mosses From an Old Manse, The Scarlet Letter, The House of Seven Gables, The Blithedale Romance, and The Marble Faun—each a great book, each still worth reading.

Hawthorne himself was a fascinating subject. He personified the culture and especially the humane qualities of the land which had brought him forth. We remember him in company with Longfellow, Alcott, Thoreau, Holmes, Lowell, Emerson, Melville and many other literary and philosophic leaders of distinction. He founded a dynasty of writers whose works have joined his own in lasting utility to successive generations of readers. Many of his contemporaries have been admitted to the postal gallery of the United States. Hawthorne has been on the list for such honor for 20 years. I suggest to the Postmaster General that he take advantage of the ceremony at Franconia on Tuesday to announce authorization of a stamp in memory of the writer of The Great Stone Face, to be issued on Hawthorne's 152d birthday anniversary, July 4, 1956. I expect to introduce a joint resolution to carry out this purpose.

THOMAS J. KEEFE

Mr. CHAVEZ. Mr. President, I ask unanimous consent that there be printed in the RECORD a resolution adopted by the Senate Committee on Public Works paying tribute to Thomas J. Keefe.

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

Whereas the Senate Committee on Public Works has learned with regret of the illness of our friend, Thomas J. Keefe; and

Whereas the committee realizes the long period of services rendered by Mr. Keefe in forwarding the highway program of the Nation; and

Whereas the committee is aware of the faithful performance of his duties and the pleasant manner with which he has always discharged said duties, and his valuable services to the legislative branch of our Government: Now, therefore, be it

Resolved, That the Committee on Public Works extends to him the knowledge that our prayers and best wishes for a speedy and successful recovery are with him every day.

DENNIS CHAVEZ, Chairman; ROBERT S. KERR; ALBERT GORE; STUART SYMINGTON; STROM THURMOND; PAT MCNAMARA; RICHARD L. NEUBERGER; EDWARD MARTIN; FRANCIS CASE; PRESCOTT BUSH; THOMAS H. KUCHEL; NORRIS COTTON; ROMAN L. HRUSKA

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business.

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

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

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

Richard A. Mack, of Florida, to be a member of the Federal Communications Commission, vice Frieda B. Hennock.

By Mr. ERVIN, from the Committee on Armed Services:

Gordon Gray, of North Carolina, to be an Assistant Secretary of Defense, vice H. Struve Hensel, resigned.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). If there be no further reports of committees, the Secretary will state the nomination on the Executive Calendar.

EXECUTIVE REPORTS OF COMMITTEE ON ARMED SERVICES

Mr. STENNIS. Mr. President, from the Committee on Armed Services, I report favorably the nomination of Rear Adm. Charles Wellborn, Jr., United States Navy, to have the grade, rank, pay, and allowances of a vice admiral while serving under a designation in accordance with section 413 of the Officer Personnel Act of 1947. Rear Admiral Wellborn will serve as commander, 2d Fleet, and I ask that his nomination be placed on the Executive Calendar.

I also report favorably the nominations of 10 brigadier generals to be promoted to major generals and 13 colonels to be promoted to brigadier generals as Reserve commissioned officers in the Air Force and ask that these nominations be placed on the Executive Calendar.

The PRESIDING OFFICER. The nominations will be placed on the Executive Calendar.

The nominations were placed on the Executive Calendar, as follows:

Rear Adm. Charles Wellborn, Jr., United States Navy, to have the grade, rank, pay, and allowances of a vice admiral;

Brig. Gen. John Mirza Bennett, Jr., and sundry other officers for appointment as Reserve commissioned officers in the United States Air Force; and

Brig. Gen. John Munnerlyn Donaldson, and sundry other officers, for appointment as Reserve commissioned officers in the United States Air Force for service as members of the Air National Guard of the United States.

Mr. STENNIS. Mr. President, from the Committee on Armed Services, I also report a small group of routine nominations for appointment in the Regular Army in grades from major to second lieutenant and a large group of approximately 2,300 names in the Marine Corps. This group includes temporary and permanent appointments in grades from colonel to first lieutenant and the permanent appointment of 2 major generals and 5 brigadier generals. All of these names have already appeared in the CONGRESSIONAL RECORD, so to save the expense of printing on the Executive Calendar of these lists, I ask unanimous consent that these nominations be ordered to lie on the Vice President's desk for the information of any Senator.

The PRESIDING OFFICER. The nominations will lie on the desk, as requested by the Senator from Mississippi.

CALIFORNIA DEBRIS COMMISSION

The Chief Clerk read the nomination of Col. William F. Cassidy, Corps of Engineers, to be president and member of the California Debris Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. JOHNSON of Texas. Mr. President, I ask that the President be notified

forthwith of the nomination today confirmed.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

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

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

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Is there objection?

Mr. DOUGLAS. Mr. President, I regret that I cannot agree to the proposal of the Senator from Texas. I must object.

The PRESIDING OFFICER. Objection is heard.

Mr. JOHNSON of Texas. Of course, we can get the absent Senators from their offices.

The PRESIDING OFFICER. Debate is not in order.

The clerk will continue with the call of the roll.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

Barrett	Holland	Saltonstall
Bennett	Johnson, Tex.	Scott
Butler	Johnston, S. C.	Smith, N. J.
Carlson	Kilgore	Sparkman
Cotton	Knowland	Stennis
Douglas	Langer	Symington
Ellender	Malone	Thurmond
Gore	Mansfield	Wiley
Green	Martin, Pa.	Williams
Hayden	Neely	
Hill	Payne	

Mr. JOHNSON of Texas. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Oregon [Mr. MORSE] are absent on official business.

The Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate until June 21, 1955, on behalf of the Senate Appropriations Committee to conduct an on-the-spot study of specific matters relating to our foreign aid program.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

The Senator from Georgia [Mr. GEORGE] is unavoidably absent.

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Vermont [Mr. FLANDERS], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Iowa [Mr. HICKENLOOPER] are absent on official business.

The Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate to attend the funerals of close personal friends.

The Senator from Nebraska [Mr. CURTIS] is necessarily absent on public business.

The Senator from Illinois [Mr. DIRKSEN] is absent on official business for the Committee on Appropriations.

The Senator from Michigan [Mr. POTTER] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

The PRESIDING OFFICER. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators; and Mr. ERVIN, Mr. KERR, Mr. MAGNUSON, Mr. MONRONEY, and Mr. SCHOEPPEL entered the Chamber and answered to their names.

The PRESIDING OFFICER (Mr. NEELY in the chair). A quorum is not present.

Mr. JOHNSON of Texas. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

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

After a little delay Mr. AIKEN, Mr. ANDERSON, Mr. BARKLEY, Mr. BEALL, Mr. BENDER, Mr. BIBLE, Mr. BRICKER, Mr. BRIDGES, Mr. BUSH, Mr. BYRD, Mr. CASE of New Jersey, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. DANIEL, Mr. DUFF, Mr. DWORSHAK, Mr. FREAR, Mr. FULBRIGHT, Mr. HENNINGS, Mr. HRUSKA Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JENNER, Mr. KUCHEL, Mr. LEHMAN, Mr. LONG, Mr. MARTIN of Iowa, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCNAMARA, Mr. MILLIKIN, Mr. MUNDT, Mr. NEUBERGER, Mr. O'MAHONEY, Mr. PASTORE, Mr. PURTELL, Mr. ROBERTSON, Mr. RUSSELL, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. THYE, Mr. WATKINS, Mr. WELKER, and Mr. YOUNG entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5240) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1956, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. THOMAS, Mr. YATES, Mr. EVINS, Mr. BOLAND, Mr. CANNON, Mr. PHILLIPS, Mr. VURSELL, Mr. OSTERTAG, and Mr. TABER were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled 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 it was signed by the Acting President pro tempore.

DEPARTMENT OF COMMERCE APPROPRIATIONS, 1956

The Senate resumed the consideration of the bill (H. R. 6367) making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1956, and for other purposes.

TORNADOES AND WARNINGS

Mr. GREEN. Mr. President, I desire to read to my colleagues an editorial appearing in the New York Times this morning, entitled "Tornadoes and Warnings." The editorial is very appropriate at this time, when we are considering the Department of Commerce Appropriation bill and an amendment which I have presented for myself and other Senators which would increase the appropriation for the Weather Bureau.

The editorial reads as follows:

TORNADOES AND WARNINGS

While those of us who live on the Eastern seaboard have been forced to become acutely hurricane-conscious during the past few years, we tend to forget the weather scourge of the inland areas—tornadoes. Figures compiled by the Weather Bureau and rereleased this week should go far to restore our perspective. From 1916 to 1955 about 7,000 tornadoes killed about 9,000 people and caused property damage of close to $800 million—a yearly average of 225 deaths and $20 million of damage. Nor is the East entirely immune, as residents of Worcester, Mass., well know. On June 9, 1953, a twister tore across that city, leaving 90 dead and $60 million of damage to property.

As with hurricanes, the Weather Bureau issues warnings of tornadoes in advance which, even with the present far too limited facilities, have saved untold lives and damage. Most useful in tracking them is long-range radar. A group of 9 Senators, led by Mr. GREEN, of Rhode Island, is working to increase by $5 million the Weather Bureau appropriation now before the Senate. This would cover a 5-year program to provide for 55 new storm detection radar stations—25 less than expert testimony showed are needed. The tornado record, as well as that of hurricanes, dramatically underlines the urgency of this increase.

Mr. CASE. Mr. President, I have been much interested in the amendment offered by the distinguished Senator from Rhode Island [Mr. GREEN] to provide funds to establish 55 additional stations for radar detection and recording of tornadoes and severe storms. I am supporting the amendment, but it occurs to me that, in addition to the tornadic disturbances which usually occur during warmer weather, there should be an improvement in the weather forecasting service in the northern Great Plains area during the wintertime, particularly, when some of the blizzards come down from the Canadian prairies. There should also be an increase in the weather reporting service for the great area which might be described as that lying between Billings, Mont., Bismarck, N. Dak., Pierre and Rapid City, S. Dak., a distance of several hundred miles where there is

no reporting service at all. Fliers of small planes have reported to me many times that there is an entirely inadequate weather reporting service in that area.

I sincerely trust that when the Department of Commerce considers the allocation of funds for the additional weather reporting stations it will give consideration to the importance of additional weather forecasting service in the northern Great Plains area generally, and specifically in the area which I have described, bounded by Billings, Mont., Bismarck, N. Dak., and Pierre and Rapid City, S. Dak., as being an area in which there is an inadequate service both for ranchers and farmers and those who fly small aircraft.

I hope the amendment will be agreed to, and that the Weather Bureau will take into consideration this additional area of need in this field.

The PRESIDING OFFICER. The Secretary will state the first committee amendment which was passed over.

The amendment was, on page 7, line 16, after "1953", to strike out "$40,000,000" and insert "$55,000,000."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. DOUGLAS. Mr. President, this is a very important matter. While there are so many Senators in the Chamber, I request that the yeas and nays be ordered on the amendment, and then we may proceed with the debate. I hope that the leadership on both sides of the aisle will cooperate in having the yeas and nays ordered.

The PRESIDING OFFICER. The yeas and nays are demanded. Is there a sufficient second?

The yeas and nays were not ordered.

Mr. DOUGLAS. I hope that later in the day we may be able to have the yeas and nays ordered on such an important matter as this amendment.

In view of the fact that I made a statement at some length on Tuesday covering this question, and in view of the further fact that what we have before us is a committee amendment proposing to increase an appropriation authorized by the House from $40 million to $55 million, I think, in the interest of orderly procedure and the saving of time, it would be better if representatives of the committee would take the floor and give the reason or justification for their supporting this increase in the appropriation.

Mr. HOLLAND. Mr. President, I shall be very happy to take the course suggested by the Senator from Illinois. Senators will find the exhibits and the estimates filed by the Civil Aeronautics Board with the committee printed at page 283, and following pages, in the committee hearings. I hope the Senator from Illinois will take note of them. Under the revision to April 20, 1955, the total amounts of accrued subsidy payments due to air carriers—amounts owed by the Federal Government to the air carriers under the law, as shown on the books, and under the rates as duly fixed for the air carriers—taking into consideration all offsets were in April 1955, $67,163,706 on the 1955 accruals.

Senators will discover, if they will add the amount of the original appropriation in the bill for fiscal 1955 to the amount of the supplemental appropriation—and I hope the Senator from Illinois is following me in this recital——

Mr. DOUGLAS. I am following the Senator from Florida.

Mr. HOLLAND. They will find that instead of allowing the full amount as requested in the report and recommendation of the CAB, $6,300,000 less than that full amount was allowed. So the total amount paid was $60,863,706.

Senators will also find that the estimate for 1956 was a flat $63 million, as appears in the revision down to April 20, 1955. In other words, the Board went before the committees of Congress with an estimate of $63 million for fiscal year 1956. However, the Board discovered, when the supplemental bill was approved and became law 2 days later, April 22, that to the amount of $63 million based on the full allowance of the supplemental, there should be added approximately $6,300,000, which was the amount not allowed as against the 1955 supplemental estimate. So the total amount shown before the committee as due and payable in 1956—that is, including the carryover of $6,300,000 and the original estimate of $63 million—was $69,300,000. As to that, there can be no doubt. Those were the figures submitted to the committee.

When the House passed on this matter, it had before it the original estimate of $63 million. As against that original estimate, they allowed $40 million in the bill they passed, which came to the Senate and was referred to the Committee on Appropriations.

The Senate committee, as I have just said, had not only the original estimate, but had also the knowledge that there was a carryover from the year before in the amount of $6,300,000, which was pending in the supplemental bill at the time the estimates were considered by the House. So as against the total of $69,300,000 shown, including the accrued carryover and the estimate for 1956, the Senate committee decided that a substantial increase was required above the $40 million which had been allowed by the House.

If Senators will refer to the hearings, pages 294 and 295, they will find that the committee was impressed with the idea that certainly a very large supplemental appropriation would be required next spring under the conditions which would obtain at that time—that is, with an appropriation of only $40 million in the House bill, if that amount were left unamended.

If Senators will refer to the testimony of Mr. Mulligan, who is the chief auditor and secretary of the Board—and who, by the way, makes a very fine impression as being thoroughly familiar with the business of the Board—they will note that his statement begins as follows:

Mr. MULLIGAN. I would say, Mr. Chairman, on the assumption, and I think it clearly is the correct assumption, that a supplemental appropriation would be involved——

Senator HOLLAND. You mean if the $40 million allowed by the House was left undisturbed?

Mr. MULLIGAN. Yes, sir; but let me put it in a different way. A figure which would be, in my judgment, one still requiring a supplemental in some amount, but a figure that would approximate the total bill much more closely than does the $40 million would be $55 million.

The committee was trying to adjust the matter so as to leave the Board enough to proceed, with the hope of going through the year, but still lead them to believe that there would be a supplemental appropriation, but not as large as was indicated by the House action. I continue to quote:

Senator HOLLAND. In other words, you think that if the final figure in the appropriation bill would be $55 million, that would closely approximate what would be actually required in 1956, but would probably still require a supplemental item?

Mr. MULLIGAN. I think it would still require a supplemental, sir, but I think it would be much closer to the ultimate bill than the $40 million.

Senator HOLLAND. You do recognize the fact that the $63 million submitted in the budget has become probably unnecessary and over the needed amount in view of developments which have occurred since the budget was being formulated.

Mr. MULLIGAN. That is correct, sir, but the $55 million figure was suggested as a possible substitute for the $40 million, not the $63 million, with some supplemental still required.

While no reference was made to the $6,300,000 in these particular questions, it is a fact that there is that item of carryover; and it is also a fact, that the CAB is trying to reduce, below the budget figures, its total payments to be made in the coming year. We have a report on that from the General Accounting Office. An officer from the General Accounting Office sat with the committee throughout the hearings. We have received statements and recommendations, from time to time, from the General Accounting Office.

The committee has endeavored to bring to the floor of the Senate a bill containing an appropriation for payments to air carriers which we think will be inadequate, but which we believe will at least provide the minimum which anyone could hope with which the board could operate its important business—which it handles, not on its own account, but for the whole Federal Government. We believe the amount provided represents a great deal in the way of recognition of the obligation on the United States.

The carriers do not make the law; Congress makes the law, and has made it. There is no question about what the law is and what it provides. It has been interpreted by the Supreme Court, and the law is binding. Furthermore, the report of the General Accounting Office on some matters which have not been considered by the Supreme Court is quite clear. It will be found embodied not only in the letter of October 6, 1954, to the honorable Chan Gurney, then

chairman of the CAB—and if the Senator from Illinois has not seen that letter, I will gladly make it available to him—but it is also included in a more recent letter from the General Accounting Office to the senior Senator from West Virginia [Mr. KILGORE], which is dated October 22, 1954. If the Senator from Illinois has not seen that letter, it is, of course, available; however, I believe the Senator has seen it.

The committee feels that it has made a careful estimate of the situation; that the obligations of the Federal Government will certainly be more than the $55 million; that it is in the interest of the Nation to see that the obligations are promptly met; that if there is to be fair treatment of the carriers, we must leave the CAB possessed with the power at least to make payments which everyone who has gone into the question carefully, with no exception, so far as I know—and I include now the General Accounting Office, which is the handmaiden of Congress in passing on matters of this kind—believes to be reasonable.

It seems to me that the committee is within its rights in requesting the Senate to approve this figure, which does not go the entire distance, even, of the amount requested in the original budget, and which does not recognize the carryover of the unpaid item of $6,300,000 in addition to the budget, which is an approximation of the minimum amount which we feel, under any reasonable circumstances, could be expected to accrue and be payable to the carriers in order to discharge the Nation's obligations to them in the coming year.

That is a brief statement of our position. I hope the Senator from Illinois will feel it is a fair statement, and that, based on what is shown, he will be in a position to make his case for a reduction of the $55 million, if he cares to do so.

Mr. DOUGLAS. Mr. President, may I ask the Senator from Florida if I correctly understand his argument? Does he argue that Congress is obligated to appropriate as much airline subsidies as CAB asks for, and which it has by administrative ruling approved?

Mr. HOLLAND. It is as much obligated as in the case of any legal debt of the United States. The two letters from the Comptroller General of the United States, one addressed to former Chairman Gurney, dated October 6, 1954, and the other addressed to Hon. HARLEY M. KILGORE, dated October 22, 1954, make it very clear that it is not the demand of the carriers at all that fixes the amount, but it is, instead, the audited account, based, of course, on their original demand, and as it may be reduced or affected by the audits, first of the CAB and then of the General Accounting Office, and by any offsetting liquidated claims which the United States has in its own behalf against the carriers. There is no obligation at all to recognize as fiat the request of the carriers. That is not the point at all.

Mr. DOUGLAS. I am trying to understand the position of the Senator from Florida. Am I correct in assuming that the Senator is saying that, since the CAB has approved these subsidies, and since the mail rates have been approved, they constitute obligations of the United States, which Congress is bound not to alter and which it cannot diminish? That seemed to be the purport of the argument of the Senator from Florida.

Mr. HOLLAND. I think that would be a fair statement. After the rates are fixed, and after a contract is given for the carriage of the mails, and after the accounts have been audited by CAB and approved by GAO, there is no denying the fact that it becomes an obligation of the United States.

Mr. DOUGLAS. To the degree it is approved by CAB?

Mr. HOLLAND. No; to the degree, so far as Congress is concerned, that it is approved by the General Accounting Office. The rate is fixed by CAB. That is its duty under the law.

As we checked CAB's rate activities, we thought the Board was very diligent. For instance, we found that in several cases where there had been earnings in recent years by various carriers in excess of what had been contemplated as a result of the permanent rate, the CAB immediately changed the permanent rate by putting in force a smaller temporary rate, which, of course, was subject to hearings and determination later as to what the reduced permanent rate should then become, or whether there should be a reduced rate.

Mr. President, I hope the Senator from Illinois is following what I am saying.

Mr. DOUGLAS. I have only two ears, and I have been trying to listen to the Senator from Florida with my left ear and to the Senator from South Dakota [Mr. MUNDT] with my right ear, and to consolidate what I hear with both ears.

Mr. HOLLAND. That is a rather difficult job, especially since the subject before the Senate is complex. The Senator from Florida would rather desist until the Senator from Illinois has completed the matter which he is hearing through his right ear. If he has determined that matter now, I shall proceed.

Mr. President, I had just said, before the collateral colloquy between the Senator from South Dakota [Mr. MUNDT] and the Senator from Illinois began, that the committee was impressed with the fact that the CAB had proceeded, as we thought, very diligently in following up anything that looked like a better development in connection with the earnings of carriers than had been contemplated by the Board when it fixed the rates. As the Senator knows, permanent rates are fixed only after long hearings and after receiving every possible presentation bearing on the subject.

Even then there have been some instances of actual earnings at the end of the year, or at the end of a quarter, because the CAB checks on the matter quarterly, having been greater than could possibly have been anticipated. Our attention has been called to the fact that in such instances CAB has been diligent to suspend the permanent rates, and to impose temporary rates which are less favorable to the carriers, and then, of course, to proceed to hold hearings in an effort to set new reduced permanent rates.

From our inspection of the operation of CAB, we have not felt it to be a careless one or one which was unfavorable to the United States; but, to the contrary, we think it has been a careful one.

We have felt that if there are those who object to the payment of the subsidies, the really fair and proper way for them to proceed is in either 1 of 2 directions. One would be by amendment of the basic law, which would, of course, be the most appropriate way. Or, if Senators feel that there are members of the CAB who have not been duly diligent in connection with the discharge of their duties, they always have the right to oppose confirmation. We find no record that the Senator from Illinois has followed either of those two courses, at least successfully, and I know of no effort on his part to follow either one of them.

When the Appropriations Committee, which has sat for weeks considering a matter of this kind, reports a bill which confessedly will not cover the whole field, but which will more nearly do so than the bill in the form it was passed by the House, we feel it is a little captious to make objections to recommendations which very clearly represent the best estimate now available as to what will be the obligations of the United States in 1956 growing out of payments for subsidies to air carriers under laws which Congress enacted, and which exist only because Congress enacted them.

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

The PRESIDING OFFICER (Mr. BIBLE in the chair). Does the Senator from Florida yield to the Senator from Illinois?

Mr. HOLLAND. I yield.

Mr. DOUGLAS. I wonder if my friend from Florida is aware of the fact that no audit has even been made of the subsidiaries of the Pan American Airways, and that one of those subsidiaries in 1953 lost $2½ million; that since this hotel subsidiary, Intercontinental Hotels, Inc., is 100 percent owned by Pan American, the only group which could meet the deficit would be Pan American; and that this would weaken its financial position and make a subsidy more necessary? I have asked that such an audit be made, but no audit has been made, and this is an important point.

Secondly, I think the evidence is pretty clear that in the case of the Supreme Court decision, which has held that the financial condition of the carrier should be considered as a whole, and that we should not consider separate lines of the carriers, to determine whether or not a subsidy or mail rate is needed for a particular line, but that we should consider whether or not the company as a whole is prosperous.

The Postmaster General sent a memorandum to the Senator from West Virginia [Mr. KILGORE], which I had reproduced on page 8136 of the CONGRESSIONAL RECORD for Tuesday, June 14——

Mr. HOLLAND. Very well; I am following the Senator from Illinois.

Mr. DOUGLAS. In the statement of the Postmaster General there are assertions which seem to be uncontroverted that under that decision $50,798,000 of excess earnings is available for offset against subsidy loans or for recovery by the Post Office Department, and could be used in part as an offset against subsidies which otherwise would be paid. In connection with this fact, why is it that during the 16 months, since that decision was handed down, the Civil Aeronautics Board has finalized any proceeding to recover any part of the $50 million? It could be used in part as an offset against the subsidies. These are assets of the Government; and it is a well-established principle that such claims can be used as an offset against other obligations of the Government. That is done in the case of veterans. For instance, if a veteran falls behind in his payments of Government insurance, then that obligation is deducted from other sums of money which the Government may owe him for disability payments.

Why is it that we have a very rigorous standard in the case of veterans, but in the case of the large airlines, the Civil Aeronautics Board does not proceed—although the decision was handed down 16 months ago—to recover the sums of money which the Supreme Court in two unanimous decisions has said the airlines owe, and although the Postmaster General has clearly stated the amounts which are owed? That is my next question.

Mr. HOLLAND. I think it is a very good question, and calls for a very frank answer. We had before us the chairman of the Civil Aeronautics Board, Mr. Ross Rizley. He happens to be the one who, as solicitor for the Post Office Department, successfully pushed the suit the Senator from Illinois has mentioned. Mr. Rizley probably knows more about the law involved in that suit than does any other person, certainly any other person in this field of the Federal Government. He impressed the committee as being exceedingly anxious to do exactly what the Senator from Illinois is suggesting.

One of the things Mr. Rizley made crystal clear to us was that his auditors are working on a pressing basis to try to develop all the facts which are necessary in order to do exactly what the Senator from Illinois has suggested.

So far as I am concerned, I was greatly impressed with Mr. Rizley and with his determination in regard to this matter. I know Mr. Rizley has a complete grasp of the facts and the law which have been referred to by the Senator from Illinois; and I have complete confidence that the Civil Aeronautics Board will do its level best to see to it that the rights of the United States in all fields affected are properly taken care of, and, in particular, that any offsets are properly made.

We were assured by Mr. Rizley that the principle of offsets is now reflected, and has been since the date of the decision, in the auditing of the Civil Aeronautics Board. We were also assured by him that the reason why he was asking for more auditors—and the Senator from Illinois will note that in the preceding paragraph in this appropriation bill Mr. Rizley is provided with more auditors—was in order that he would be able to complete at an early date the very compendious audit which was required.

I wish to call the attention of the Senator from Illinois, however, to the table he has submitted. He will find that according to the accounting a large amount which is alleged by the Post Office Department to be due is due by carriers which are not now receiving subsidies. If the Senator from Illinois will examine page 299 of the hearings, he will find the list of carriers which are not now receiving subsidies. The Senator from Illinois will note that quite a number of the carriers—for instance, United—are shown by his table to have been affected. We find—from the second column of the compilation the Senator from Illinois placed in the RECORD, at page 8136—that United is affected to the extent of $15,857,000; and the Senator from Illinois will note that United is one of the carriers which is not now receiving subsidies.

Furthermore, from the list the Senator from Illinois also will find that TWA, which is shown to be the carrier affected by the next largest item—that of $12,158,000—likewise is not now receiving subsidies. Furthermore, from the list the Senator from Illinois will find that Delta and Western are also included.

So the total amount involved in the question asked by the Senator from Illinois largely comes back to $5 million, which is alleged to be the amount affecting the Pan American Airways.

Mr. DOUGLAS. Plus $1,800,000, as shown in the third column, or a total of $6,800,000.

Mr. HOLLAND. Very well, $6,800,000, maximum.

Mr. DOUGLAS. That is precisely what I am talking about.

Mr. HOLLAND. We were assured by the Chairman of the Civil Aeronautics Board and by the other witnesses that in each case, under the computation they are now following, they are recognizing the offset principle and are holding back amounts which are affected by that principle; that the interests of the United States are not being jeopardized in any degree; and that that point is not of any consequence at all, when applied to the appropriation the committee has recommended, because the amount recommended by the committee does not cover any item involved in the point the Senator from Illinois is making.

Mr. DOUGLAS. Is it not true that the Government has claims of $6,800,000 against Pan American Airways?

Mr. HOLLAND. The Post Office Department has claims in that amount; the Senator from Illinois is correct.

Mr. DOUGLAS. Is it not also true that the subsidy of Pan American Airways, as contemplated for this year, is approximately $17,700,000?

Mr. HOLLAND. After withholding a great deal more than that in the computation.

Mr. DOUGLAS. Not withholding for this item.

Mr. HOLLAND. Withholding much more than the $6,800,000—withholding everything required to be withheld to give full force and effect to the principle of offsets.

Mr. DOUGLAS. The Senator does not answer my question. In connection with the $17,800,000 subsidy no provision is made for withholding the $6,800,000 which under the Supreme Court decision of February 1, 1954, is due the Government. Is not that true?

Mr. HOLLAND. The Senator from Florida thinks he has completely met the point of the Senator from Illinois. The accounting between the Government and that company is so much greater than the item mentioned, the $6,800,000 to which the Senator refers. So the Government is protected by the very large amounts, much greater than that, which are unsettled in the accounting, and which the CAB has declined to settle.

Let me say to the distinguished Senator from Illinois that, first, he is evidencing no confidence in the CAB; second, no confidence in its chairman, who was the solicitor who handled the very law case the Senator mentioned, when he was serving as solicitor for the Post Office Department; third, no confidence in the General Accounting Office, which the Congress created to help it in auditing matters of this kind, and which does audit such matters, or else the accounts are not paid; fourth, no confidence in the committee, which has gone into this question in great detail and which reports an amount confessedly some $14,300,000, or thereabouts, under what seems to be the amount required fully to pay this item in the coming year, but with the hope that by so doing the Government will encourage the manifest efforts of the CAB to minimize subsidy payments, insofar as the law allows, and insofar as the General Accounting Office will permit, because we hope the General Accounting Office will always stand for fair dealing between the Federal Government and those with whom it does business, rather than merely for shaving off here and there some claims which cannot be justified by law or equity.

So the Senator from Florida feels that the attitude of the distinguished Senator from Illinois, while no doubt based upon the utmost of good faith and good will—and the Senator from Florida appreciates it—is not such as to justify the points which the Senator from Illinois has raised. Although the distinguished Senator is acting in perfect good faith, nevertheless, the Senator from Florida recognizes none of the points which the Senator has made.

Apparently the Senator from Illinois has no confidence in the CAB. He has no confidence in the lawyer who effectively represented the Post Office Department, and has now been promoted

to be Chairman of this Board so that he can make effective the very ruling which he helped to obtain from the Supreme Court.

The Senator from Illinois has no confidence in the General Accounting Office, which is an arm of the Congress, and not of the executive department. He has no confidence in the Appropriations Committee. A subcommittee of that committee spent weeks on this subject, and reported to the full committee of 23 Members of the Senate.

So far as the Senator from Florida remembers, the Senator from Illinois did not appear before the subcommittee. He did not make any showing before the subcommittee. He did send a letter, which the Senator from Florida was glad to insert in the record, though it did not come to the Senator from Florida directly from the Senator from Illinois.

Mr. DOUGLAS. I sent it to the chairman of the committee, but the table enclosed was never printed in the proceedings.

Mr. HOLLAND. It was sent to the distinguished chairman of the Committee on Appropriations, the Senator from Arizona [Mr. HAYDEN], and by him passed on to me. I was very glad to insert it in the printed hearings.

So the Senator from Florida thinks payday has come, and that the Congress of the United States, which lays down the rules and enacts the laws, and which insists upon having an auditing agency to represent it, and not the executive, should recognize that fact. When the Congress reaches the stage when it thinks an account is due and recommends it, it should realize that payday has come.

The Senator from Florida does not understand the attitude of Senators who are not willing to recognize the fact that we do reach a payday, and that the good faith of the United States is certainly involved in this matter, as well as the confidence of the Congress in the various persons and agencies which the Senator from Florida has mentioned.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. HOLLAND. I yield.

Mr. THYE. Is it not true that the record of the airlines is excellent? They are reducing the amount of subsidies. Some of the airlines have completely reached the point where they are operating without a deficit with respect to some of their lines. They do not need a subsidy with respect to some of their lines.

Mr. HOLLAND. The Senator, of course, is correct. The full list of airlines which have reached that state—some of them within the last year or two—appears in the RECORD. It has already been referred to in the debate.

I am glad the Senator makes the point, because it affords the opportunity to read into the RECORD a list showing their recent progress.

For example, American has gone up from 10.9 percent earning on its investment to 11.5. It is off subsidy.

Braniff has gone up from 8.9 to 13.3. It is off subsidy in its domestic lines and the rate of subsidy is being redetermined, on the basis of the overseas traffic.

Eastern remains at 7.8. Pan American, adverted to by the distinguished Senator from Illinois, improved its position from 5.5 to 6.6. That is for the year ended December 31, 1954, which is the last year for which the figures are available in each case.

United has gone up from 7.5 to 7.8. Northwest has gone up from 8.6 to 8.8. The point the Senator from Minnesota has made is completely borne out by the record. The airlines are operating to advantage, and they are getting off the subsidy roll as fast as they can.

The following is a list of the lines which have gone off the subsidy: American, Eastern, National, Northwest, Trans-World, United, Capital Delta, and Western. The dearest hope of the lines which are not off the subsidy is to get off that list.

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

Mr. HOLLAND. I yield.

Mr. THYE. Is it not true that some of these figures represent back accounts—delinquent accounts, so to speak—which the Federal Government owes, and on which interest is being paid? Are we not endeavoring to provide sufficient funds to bring the accounts to a current status, thereby avoiding heavy interest payments which would be due on delinquent accounts of airlines?

Mr. HOLLAND. The Senator is exactly correct, with one exception. I wish I could say that we fully take into account the point the Senator has mentioned. We do not quite fully take it into account, but in increasing the item in the House bill from $40 million to $55 million, we increase it to the minimum amount to which, it seemed to us, it would be possible to reduce the amount payable in the next year.

I am glad, too, that the Senator from Minnesota, with his customary ability to pierce through to the main point, has indicated another fact, and that is that when the airlines must pay interest, it affects the rates, and therefore indirectly affects the subsidy. When the United States does not pay the accounts when they are due—and unfortunately we have not been paying them—we make it more difficult, instead of easier, for the airlines to leave the position in which they are subsidized, and go over into the group of nonsubsidized lines. I think it is correct to say that it is the ambition of every one of these lines drawing a subsidy to get into the other classification as quickly as possible.

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

Mr. HOLLAND. I yield.

Mr. THYE. As a member of the subcommittee, I wish to say for the record that I know of no chairman who has been more diligent and searching in his efforts to get the facts into the RECORD than the Senator from Florida has been. We sat through the hearings, determined to make certain that the record would be clear, that there would be no misinformation in the record, and that there would be no lack of information relative to the fine record of the airlines in their efforts to get on a paying basis and to get out from under the Federal subsidy, the need for which has extended over most of the lifetimes of these airlines.

Mr. HOLLAND. I greatly appreciate the gracious words of the distinguished Senator from Minnesota. I appreciate his attention to duty. He was a constant attendant at the meetings of both the subcommittee and the full committee. I greatly appreciate his comment on this occasion.

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

Mr. HOLLAND. I yield.

Mr. FULBRIGHT. I notice that nearly all, if not all, the major lines—at least in the domestic field—have gotten away from the subsidy. I believe that is a true statement, with perhaps 1 or 2 exceptions. Apparently the largest subsidy is in the Latin American business. Why is it that that traffic generates the greatest subsidy? I think it amounts to considerably more than half, perhaps two-thirds, of all the subsidies paid.

Mr. HOLLAND. Mr. President, before I answer the Senator's question, perhaps it would be well to insert in the RECORD and to call to the Senator's attention the figures in the table on page 284 of the hearings, of which I shall give a résumé, as follows. The figures covering the 1956 CAB estimates on subsidy payments for next year, for which the bill will make appropriations, are divided into various classifications. For domestic trunklines—and they are the ones to which the Senator from Arkansas first adverted——

Mr. FULBRIGHT. That is correct.

Mr. HOLLAND. For domestic trunklines the figure is $4,648,000. In other words, very few of the domestic trunklines are left on the subsidy list.

For local service carriers, $25,135,000. That is the largest amount for any single group. The Senator will recognize the fact also that it represents the desire to serve communities which are in a borderline situation where they cannot quite adequately support the continued service, but which it is in the national interest to continue to support.

Then, for helicopter service, $2,928,000. That makes a total of $32,711,000 for next year's estimates for lines in the United States.

Those figures do not include Alaska—although, I believe, for all intents and purposes we should include the next figure, the one for the Territories in the domestic estimates, because we are all trying eagerly to make Alaska and Hawaii component parts of our Nation. Whether we favor statehood or not, I believe we all recognize the fact that it is in our national interest that Alaska should move ahead. Taking the totals for Alaska and adding the Hawaiian operations, we have a grand total of $8,790,000.

That makes a total of $41,580,000 for domestic and Territorial area operations.

The international operations are divided into transatlantic operations, transpacific operations, and Latin

American operations. The trans-Atlantic operations amount to $2,669,000, the trans-Pacific operations amount to $2,262,000, and the Latin American operations amount to $16,176,000.

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

Mr. HOLLAND. The total for the international lines is $21,107,000.

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

Mr. HOLLAND. I shall be glad to yield in a moment.

The question of the Senator from Arkansas correctly indicates that Latin American operations call for a total, in the estimates furnished by the CAB, of $16,176,000 in the payment of next year's subsidies, and represent by far the largest group in the international field of carriers.

While I am thoroughly familiar with the hearings, of course I have had no chance to become thoroughly familiar with all the facts, but I would assume that there is no such volume of passenger and mail carriage to the various component parts of Latin America as there is to Europe, as there is to the United Kingdom and other nations across the Atlantic, or as there is across the Pacific. Incidentally, we learned in the hearings that one of the important factors in the transpacific business was the carriage of Armed Forces mail, because we do have very sizable bodies of troops in the Pacific, and, as the Senator well knows, they are served in large part by airmail.

So that the only real answer which the Senator from Florida could advance would be that, looking at the fanned out scale of operations to Mexico, to the countries in Central America, to northern South America, and down both the Pacific coast and the Atlantic coast of South America, considering the long distances involved, and the very fine equipment and facilities which must be provided and maintained, there is not a sufficiently heavy volume of traffic, to make that operation profitable, as compared with transpacific and transatlantic operations.

Mr. FULBRIGHT. Mr. President, I should like to ask one further question, if the Senator will yield.

Mr. HOLLAND. I yield.

Mr. FULBRIGHT. In establishing a route to Ecuador, let us say, by Pan American or by any other company—and of course Pan American is the largest in that service—is the route requested by CAB? In other words, does CAB request that a certain service be instituted to a particular point in Latin America, or does the company initiate its own service?

Mr. HOLLAND. I am told by the clerk of the committee, who has approached CAB on this point, that the initiation has sometimes come from the State Department for the consideration of establishment of routes to our friendly neighbors, but that the initiative does not come from CAB itself.

Mr. FULBRIGHT. I think that is a point that should be developed in the future. We know how the feeder lines, as we call them, get started, and of course I am in sympathy with the purpose of and the justification for airline expansion to South America. So, I was wondering whether the State Department or the Commerce Department or some other agency of our Government initiates a request that Pan American, for example, should start service to a Latin American country. I think it would be informative and interesting if we had that kind of information.

Mr. HOLLAND. The information which I am able to offer is that the State Department has on occasion requested that CAB investigate the possibilities of establishing such service, and has requested one of the carriers to apply for the institution of a line to one of the friendly Latin American countries.

Mr. FULBRIGHT. I should like to ask one further question. I read in the newspapers today and yesterday that there has been reached a tentative agreement giving the new German airline the right to serve South America from some local points in the United States, and that that has raised a terrific howl on the part of some of our companies, who are opposed to it. I was wondering how that development fits into the picture of substantial subsidy payments to airlines serving the same areas, and whether such service is in furtherance of a policy by our Government aside from the interest of a given airline in making money by establishing that kind of service. I believe that is a rather interesting point.

Mr. HOLLAND. Of course, the Senator from Arkansas is correct in his suggestion, and I will follow it through by saying that unquestionably it is a part of our international policy to have America represented in international air travel.

I am sure the distinguished Senator from Arkansas has had much more such travel experience than has the Senator from Florida. However, the Senator from Florida has ridden on a KLM plane, which is the Dutch airline, from Miami to Caracas, Venezuela. The Senator from Florida has also seen planes of the British lines, of which I believe there are two, which serve Nassau and the other Bahama Islands, and the Senator from Florida has observed planes of our own carriers serving that area.

I believe it is wholesome and sound competition in the international field when our Government sees to it that the American flag is carried on the routes of trade internationally. I am sure every Senator on the floor has voted for legislation which supports that view. Certainly we should not be surprised if on analysis of the figures we find that the extension of American airline service to Latin America is more expensive in subsidy, due to the more limited travel possibilities and the tremendous distances involved in some cases, than is the service across the Pacific and across the Atlantic which carries heavy traffic, both passengers and mail.

Mr. FULBRIGHT. I should like to compliment the Senator on his statement. I was trying to make the point that there are involved in this question matters other than merely the financial and economic conditions, and that they should be given due consideration. I agree with the Senator that our country should have adequate representation in international airline service. There is only one reservation I would make—and I believe the Senator has covered that very well—that the bookkeeping ought to be very carefully done. I hope the General Accounting Office is checking the figures very carefully. The companies do their bookkeeping pretty well, and I think the General Accounting Office should do its bookkeeping equally well.

Mr. HOLLAND. I certainly appreciate the comment of the distinguished Senator from Arkansas, and I agree with it completely. Perhaps it would be well to add the basic comment that a subsidy is approved when a company cannot, on the average, carry a large proportion of its capacity, and of necessity has to travel with only part of its capacity filled, whether it be by passengers, whether it be by mail, or whether it be both. That is the reason why the feeder lines of the United States show a need for greater subsidies than do the great trunk lines. It seems to me, without claiming to have particular familiarity with the subject, that as a matter of common knowledge we can say that is the reason why carriers operating to Latin America show the necessity for a greater subsidy than do those operating across the Atlantic or across the Pacific.

Mr. NEUBERGER. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield.

Mr. NEUBERGER. I should like to ask a question of both the Senator from Florida and the Senator from Illinois. The question of airline subsidies is a matter, among many others, about which I know very little. I represent in part a State which has some very small isolated communities which are served by very small feeder airlines. Without such feeder airlines there would be no service whatsoever. The landing fields are not adequate to accommodate the planes of the larger airlines.

This is what I should like to know: What effect would the amendment of the distinguished Senator from Illinois have on such a situation?

Mr. DOUGLAS. Technically, I have no amendment.

Mr. NEUBERGER. I refer to the Senator's proposal, or the issue he is raising. What would be the effect on the ability of some of the small feeder airlines to continue to operate? They are marginal operations. They have not made great profits, but if they should fail and go under, the small communities to which I have referred would have absolutely no airline service whatsoever.

Mr. HOLLAND. Mr. President, I should like to answer the distinguished Senator from Oregon, and then I should like to yield to the Senator from Illinois in order that he may answer.

Directly, there would be no immediate effect, because the amount of the obligation of the United States to the airlines

is created not by the appropriation, but by the rate fixed by the CAB under laws which we have passed and under directions given by the Congress. But if airlines are forced to operate and are not able to receive their subsidy payments promptly, in the first place, it will make it more difficult for them to operate, because they will have to operate on an interest-paying basis.

In the second place, it will make it more difficult because even if they are able to hold on and see it through, they will never get on a nonsubsidy basis because the interest they pay is an expense which is allowed as a part of the operating expenses which contribute to the rate.

In the third place, if this kind of policy should prevail generally and if Congress should refuse to recognize the obligation of the United States, which is what the House committee report recommends, ultimately there would be chaos, and there would either have to be a restatement of the law, which, of course, would directly affect the small carriers mentioned by the Senator from Oregon, or Congress would have to face up to the problem in a much more definite way than by simply delaying payments. That is what the unwillingness of the distinguished Senator from Illinois to go along with the committee amendment indicates—an unwillingness to come to grips with the fact that we have got to pay our accounts and that we should leave our agency, the CAB, in a position to pay those accounts promptly when they are due.

Mr. DOUGLAS. Mr. President, there is no intention on my part to reduce subsidies to the feeder lines, which usually run north and south. The amount provided by the House, $40 million, would be ample to meet their subsidy claims, which amount next year to $25 million, and which may be less as the volume of traffic of the feeder lines grows. It would permit some payments to other lines.

Last year Congress cut the subsidies, but it did not affect the feeder lines. What it did affect was one company, Pan American Airways, and the real issue here is whether the subsidies to that company are or are not excessive.

Mr. NEUBERGER. I thank the Senator from Florida and the Senator from Illinois. A reduction might have a crippling effect, and could well be disastrous to an airline such as the Pioneer in the Rocky Mountains and on the west coast in Oregon.

Mr. DOUGLAS. Last year Congress acted to reduce the total subsidies and, so far as I know, those lines did not lose anything.

Mr. HOLLAND. Mr. President, to make my answer more complete, I should like to invite attention again to the figures which I placed in the RECORD before the Senator from Oregon was able to reach the floor. They show that of the $63 million in the budget, $25,135,000 is for local service carriers, domestic lines; $2,928,000 is for helicopter service, which is also in the same category; and $8,790,000 is for Territorial air operations, mostly for the Alaskan line. So the Senator can see that all but $21 million of the $63 million directly affects the class of operation of which he speaks. The domestic lines occupy the largest part of this field.

When I said they would not be immediately affected, I should have called attention to the fact that the Congress does not determine the obligation; the obligation continues to exist. If payments are not made promptly, and the companies cannot pay their bills, we are making it more difficult for the small airlines mentioned by the Senator from Oregon to operate.

Mr. President, I yield the floor.

Mr. DOUGLAS. Mr. President, the Senator from Florida has raised a number of issues. In the first place, he appealed to all friends of the chairman of the subcommittee, all friends of the committee, all friends of the administration, all friends of the General Accounting Office, all friends of the CAB, and stated that my motion was, in effect, a vote of no confidence in them.

I have the greatest respect for the energy and public spirit of the Senator from Florida and the other members of the committee, and I think he should not take this matter in any personal sense whatsoever. But there is a question of public policy involved. There is no question of personal dereliction on the part of any Member of the Senate. I think the General Accounting Office and, particularly, the CAB, have been negligent in the performance of their duty, to put it mildly, and I stand on that point. But I wish we could get away from the tendency of the committee chairman to view any opposition to the proposals which the committee advocates as a personal reflection upon the members of the committee, because certainly that was not my intent and is no part of my purpose.

The Senator from Florida made the plea that the Civil Aeronautics Board, after 15 months of nonaction, is now going to get on the ball and act. This has a very familiar ring, because when the hearings were being conducted last year the then Chairman of the Board made a similar promise, but nothing has been done in the meantime.

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

Mr. DOUGLAS. I am glad to yield.

Mr. HOLLAND. I think the Senator has not correctly understood my statement, which was that the auditing and book work had moved ahead just as rapidly as possible; that the Chairman of the Board had requested Congress to provide funds for some additional book workers, so that the matter could be brought to a head at the earliest possible date.

I simply called attention to the fact that when in the case of an operation of many years duration it becomes necessary to restate it in terms of a new rule announced by the Supreme Court, and now followed by the CAB, it is not an overnight operation.

I called attention to the fact that the same lawyer who had successfully handled the case in the Supreme Court of the United States had now been moved up to the position of Chairman of the Board, in order that he could, as quickly as possible, follow through, and he has asked from Congress funds for additional help, so that he can follow through with greater speed. We have provided those funds. I appreciate the fact that the Senator from Illinois was agreeable to the granting of the additional aid by not opposing that particular amendment.

Mr. DOUGLAS. Of course. I merely wish to point out that the CAB has for many years failed in its job of auditing the accounts of airlines, and perhaps, in particular, in not auditing the accounts of Pan American Airways. It has had 16 months in which to get ready to settle up claims under the Supreme Court decision.

While the Senator from Florida is completely correct that there would be no offset against some of the companies listed, such as Western, TWA, and United, there would be claims of $6,800,000 against Pan American. To date, those claims have not been pushed. That is the item as to which I am speaking on the question of auditing.

The accounts of subsidiaries of Pan American have never been audited. Yet in 1953 they had a deficit of $2,500,000, which could only have been made good by Pan American, which in turn asked for the subsidies.

The subsidiaries are very interesting organizations. They include, but are not limited to, the "Ten Superb Hotels," which are advertised as attractions in the Pan American pamphlet I hold in my hand, and which have some very interesting descriptions, which I placed in the RECORD a day or 2 ago. They are obviously luxury hotels.

The description of the Hotel Grande, a picture of which I hold before me, says:

> Spacious guest rooms reflect the magnificence of the days of the Amazon throne.

I believe that every man in the United States should be a king; but I do not believe he should live like a king at the expense of the United States taxpayer. I do not believe the standards of the Amazonian throne should be saddled upon the taxpayers of the United States.

Other hotels are described. I observe in the photographs some very beautiful swimming pools, which are of a fashionable, kidney shape. I see scattered around them cabanas. I think that is the correct pronunciation; may I ask the Senator from Florida if it is correct?

Mr. HOLLAND. It is.

Mr. DOUGLAS. The cabanas enable those who go swimming to partake of the joys of life on the Latin American Riviera.

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

Mr. DOUGLAS. I yield.

Mr. HOLLAND. I think the Senator from Illinois shows a very creditable acquaintance with cabanas; I am glad he has enjoyed them.

Mr. DOUGLAS. I am perfectly willing to enjoy them; but when I have enjoyed them, I have paid for them; I have never

used the Pan American air intercontinental hotel cabanas. I have not asked that the cost be saddled upon the taxpayers of the United States. And they have been rather inexpensive cabanas, too, I may say.

Here is a picture of another beautiful hotel, this one in Mexico City, the Hotel Reforma. The pamphlet states:

> The Cafe de Paris of the Reforma is served by spotless kitchens, an international staff * * * and the wine cellar offers a fine assortment of carefully selected vintages. The international society that congregates at the Reforma adds a further dash of color and excitement to a thrilling visit in Mexico City.

Mr. President, I have never mixed with international society. When I have traveled abroad, I have stayed at modest boarding houses. I have not wished to associate with the so-called international set. From what I have heard about them, I do not think they are particularly attractive.

But this attraction is held out as an inducement, yet the hotel is operated at a deficit which is added to the deficit of the Intercontinental Hotels Corp., which is owned 100 percent by Pan American, and therefore is paid for by the taxpayers of the United States.

I shall hold up the pamphlet, so that Senators may see the pictures of these beautiful hotels.

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

Mr. DOUGLAS. I yield.

Mr. LONG. Can the Senator from Illinois tell us the amount of money which is lost by Pan American each year on its hotel system?

Mr. DOUGLAS. In 1953 the hotels lost over $2,500,000.

Mr. LONG. Does the Senator have any later figure than that?

Mr. DOUGLAS. No, I do not; but I find on the outside of the folder a list of "10 superb hotels—with more to be added worldwide."

This is only a taste of things to come, provided the subsidies are kept up.

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

Mr. DOUGLAS. No; I wish to conclude my reply to the Senator from Louisiana.

The only reason, and it is a good and sufficient reason, why I do not have the information for 1954 requested by the Senator from Louisiana is that an audit has not been made. I managed to get the figures for 1953, which I placed in the RECORD. I may say that I have been carrying on an extensive correspondence with the General Accounting Office on this question, and have been able to extract some information from them and from other sources.

Mr. LONG. Mr. President, will the Senator further yield for a question?

Mr. DOUGLAS. I yield.

Mr. LONG. What concerns some Senators is that there are airlines which would like to compete for some of the business—not the hotel business, but the flying business.

Mr. DOUGLAS. That is correct.

Mr. LONG. For example, there are charter carriers and cargo carriers which would be delighted to compete, on a nonsubsidized basis, and to carry freight, mail, and other cargo in the international service. The CAB denies them the right to compete. It seems rather unfair for the Government to subsidize certain lines and to guarantee them traffic, while other lines are willing to operate without a subsidy.

Perhaps an amendment to the organic act would be necessary to make it possible for nonsubsidized lines to compete. However, it would certainly appeal to me if it could be made certain that the companies which desire a subsidy to haul the mail should not have a preference over companies which are willing to haul mail cargo and various other types of Government freight at no expense to the Government, and often at a saving.

Mr. DOUGLAS. I quite agree with the Senator from Louisiana. I think the CAB has progressed much further than the old theory of the chosen instrument. While it has not granted absolute monopolies, it has granted strong preferential treatment to Pan American.

A very important point has not been covered in the debate, but it should be made known. For example, Northwest Airlines recently was in a very shaky financial condition. That line competes with Pan American to Alaska. Pan American's Alaskan Division would receive a subsidy of $1,356,000, as shown on page 287 of the hearings, for the States-Alaska operation. Northwest Airlines receives no subsidy.

Northwest Airlines also flies the Pacific over the northern route to Japan. Northwest Airlines does not receive any subsidy for this.

Mr. LONG. Is Northwest Airlines permitted to fly to Hawaii?

Mr. DOUGLAS. The answer, I believe, is that they were allowed to fly into Hawaii only after the White House reversed itself.

Mr. LONG. Then, if Northwest Airlines flies on a nonsubsidized basis to Japan, what right has the Government to deny it the right to fly to Hawaii?

Mr. DOUGLAS. I think that is an extremely good question. I may point out that Northwest gets no subsidy on its transpacific operations, but Pan American, Pacific, gets a subsidy of $2,262,000. It was only because a group of Senators protested that the White House reversed itself.

Mr. LONG. Is Pan American still receiving a subsidy on its Pacific flights?

Mr. DOUGLAS. I believe no permanent order stands entered denying them the subsidy. There are some temporary orders, about which I should like to speak later.

Mr. LONG. It seems unreasonable that a nonsubsidized airline is denied the opportunity to share in the more lucrative business while a subsidized airline is guaranteed a monopoly of it.

Mr. DOUGLAS. The Senator from Louisiana could not be more right. That is the situation in the Pacific.

Now let us take the situation in the Atlantic. As we all know, there are two lines flying the Atlantic, TWA and Pan American. I hold in my hand the evidence, and I would appreciate it if the Senator from Florida would check me if I am not correct. On page 287 the subsidies for the trans-Atlantic subsidies are set forth. Trans-World gets no subsidies. Pan American gets $2,669,000 in subsidies.

Here are two lines and also competing against foreign lines. TWA gets no subsidy. Pan American gets $2⅔ million in subsidies.

In all, the subsidies which go to Pan American, or which are contemplated for Pan American, amount to $17,749,000.

Very frankly, we might as well face the issue. That is the item in question, which I believe should not be granted in its entirety. That is the item.

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

Mr. DOUGLAS. Certainly.

Mr. HOLLAND. The Senator from Florida also inquired about the same question, and found this was the answer. Trans-World Airlines, trans-Atlantic, flies mostly to points of great density of traffic. Pan American transatlantic serves Scandinavia; serves also some points of great density, but also points in Africa and Asia, which are not at all points of dense traffic. The difference between the two operations is that one is concentrated on the line of density, and the other is fanned out to give service wherever the CAB has felt it should be provided.

If the Senator will allow me, I should like to refer to the question of the hotels, since we were about to get away from that. After the speech of the Senator from Illinois some days ago the Senator from Florida inquired of the staff of the CAB on this subject, Mr. Mulligan, whose name has already been mentioned, and Mr. Roth, and received from them the assurance which the Senator from Florida now desires to give to the Senate. Insofar as the hotels are concerned, there is not anything in this matter which is allowed as an item in the Pan American claim for a rate. Insofar as the subsidiary lines are concerned, the Board is not allowing a part of the Pan American expense.

To make the point a little clearer and more final, I wish to call to the Senator's attention the fact that the very document from which he quoted and inserted in the RECORD, at page 8129, does not show the amount of $2,530,000 as an item of loss to Pan American. It would not have been figured in the operating claims if it had been so shown. Instead, it is an item of investment. Mr. Mulligan and Mr. Roth both assured us of that. There is no foundation for any sound statement that the operation of the hotels is financed by the taxpayers of the United States.

Mr. DOUGLAS. I may say to my good friend from Florida there is only one source from which the deficit of the hotels can be met, and that is Pan American, which owns 100 percent of the stock. There may be some bookkeeping legerdemain indulged in, in which an advance

of cash is shown as a loan or an investment, but it pulls down the cash position of the parent company.

What was done in this case, as I think I indicated, was that an advance of $2 million was made in a single day in July 1953 by Pan American to the hotels, and it was interest free. The loss of that interest will be an item of cost to the Government. So, in effect, we pay not only the principal, but we pay the interest plus the principal.

Mr. Woodbridge, comptroller of Pan American, who is also comptroller of Intercontinental Hotels, wrote himself a letter showing that the advance would be made as a loan. It may be carried as an investment, but it really pulls down the financial position of Pan American.

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

Mr. DOUGLAS. I yield to the Senator from Kentucky.

Mr. BARKLEY. With reference to flights over the Atlantic, we all recall that for a good many years there persisted here an effort to create a monopoly in that field.

Mr. DOUGLAS. I believe that took place in the celebrated 80th Congress, by a Member of this body.

Mr. BARKLEY. A resolution was referred to the Committee on Foreign Relations, of which I happened to be a member at the time, but the resolution was not adopted. I wonder, however, if the situation to which the Senator from Illinois has called attention, the fact that one company has a subsidy and the other has not, has any reference to that effort of a few years ago.

Mr. DOUGLAS. The Senator from Illinois tries not to be a suspicious person.

Mr. BARKLEY. The Senator from Illinois shows some success in that field.

Mr. DOUGLAS. In not being suspicious?

Mr. BARKLEY. Yes.

Mr. DOUGLAS. The situation was presented of an American airline company which tried to get a monopoly of all of the foreign aviation business, and it had powerful backing in the Senate. We all know that to be a fact. It failed to become the chosen instrument. It failed in seeking to become the exclusive monopoly. But its position has been favored and privileged since then. That airline tends to get the choice routes, as the Senator from Arkansas [Mr. FULBRIGHT] brought out. It tends to get the subsidies when the "kissing" takes place. So far as subsidies are concerned, Pan American is always under the mistletoe.

Mr. BARKLEY. Does the Senator know—and I am asking this question purely to obtain information, because I have no information and no suspicion about what I ask—to what extent the CAB and the aviation authorities sympathize with the monopolistic effort to which we have alluded?

Mr. DOUGLAS. I cannot read their minds. It would be very improper for me to impute any motives to them, but I would say that a large number of decisions seem to have gone in favor of Pan American, or at least the final actions taken have been in favor of Pan American. Since I am now attacking the present administration of CAB, I must in all candor say that the preceding administration was not wholly spotless.

Mr. BARKLEY. I thank the Senator from Illinois.

Mr. DOUGLAS. I thank the Senator from Kentucky.

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

Mr. DOUGLAS. Certainly.

Mr. HOLLAND. I should like to have the RECORD show at this time that the Senate showed its customary good sense by refusing to respond to the monopoly effort to which the Senator from Kentucky has adverted; that the Senate at the same time has continued and has enlarged and has built upon the structure of CAB, in an effort to make it such an agency as could best represent our Government in doing the things which Congress has approved as being proper, and that it is payday when that agency comes forward and tells us how much it needs to pay for the obligations which it has created under the law.

The question of the effort to get a monopoly brings forth only one comment from me, and that is that the Senate showed its customary good sense in refusing that request. The Senator from Florida was here at the time, and he joined in refusing the request. I do not believe that my friend, the Senator from Illinois, was here at that time. Perhaps he did not know about it. But the fact of the matter is that now we have a payday, with a General Accounting Office check on it, to tell us how much we should pay; and the Appropriations Committee is endeavoring to recognize, not the entire bill, but a sufficient amount of the total bill, so as to allow this agency we created, the CAB, under the control of our other agency, the General Accounting Office, to keep fairly current the obligations which are created under our direction and under the law we passed.

Mr. BARKLEY. Mr. President, will the Senator from Illinois yield at this point, to permit a further interruption?

Mr. DOUGLAS. Yes, indeed, Mr. President.

Mr. BARKLEY. Going back to my interrogatory, I merely wish to emphasize that, being opposed to monopolies in any form, I also opposed that effort on the floor of the Senate. At that time I happened to occupy a responsible position.

Mr. DOUGLAS. Yes; the Senator from Kentucky was then the leader in the Senate of the Democratic Party.

Mr. BARKLEY. I am opposed to monopoly in any field—whether in aviation, railways, merchandising, or elsewhere. I have always been opposed to monopoly.

My question of the Senator was prompted by an interest in knowing whether, despite the refusal of the Congress to grant that monopoly, it has been brought about to some extent or has been encouraged by those who have administered the laws.

As I said, I was interested in obtaining the information, because I myself have no knowledge of it. But the circumstances pointed out by the Senator from Illinois are certainly worth considering. However, that may raise another question from the one now before us, if we have a legal and moral obligation to appropriate this money under existing legislation. That may raise the question of whether we should change the fundamental law or whether we should vote for the recommended appropriation. To me, that raises a question of good faith on the part of the Government.

Mr. DOUGLAS. Mr. President, I appreciate the position of the Senator from Kentucky, who, as he has said, always has been opposed to monopoly.

I repeat that an absolute monopoly was not allowed or granted. Some degree of competition was permitted. The good routes seemed largely to go, somehow, not to the chosen instrument, but to the favored instrument.

So far as the Atlantic is concerned, Pan American is the only line which receives a subsidy. TWA does not receive a subsidy for its Atlantic flying service.

Mr. BARKLEY. I suppose in that case the biblical statement of "Many are called, but few are chosen" would apply.

Mr. DOUGLAS. That is correct.

In the Pacific, Pan American is the only line, I believe, which receives a subsidy. Northwest Airlines does not receive a subsidy for its Pacific service. Northwest Airlines, which certainly has had a much more shaky financial record than has Pan American, flies to Alaska, but does not receive a subsidy for it. However, Pan American receives a subsidy for flying there.

In this case we find that favors are granted to a corporation which, on the whole, does not particularly deserve or need them.

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

Mr. DOUGLAS. Mr. President, first I wish to place some additional material into the RECORD. The Senator from Florida has said that the earnings of Pan American are below the average rate of earnings of domestic lines.

Mr. HOLLAND. No, Mr. President; I did not say that.

Mr. DOUGLAS. I thought the Senator from Florida said the earnings of Pan American amounted to a little more than 6 percent, and that in the case of domestic lines the earnings amount to somewhat more than 8 percent.

Mr. HOLLAND. No. I read into the RECORD, from material furnished by the CAB, the record of earnings as of December 31, 1954, in the case of several lines. Pan American was one of them, and its earnings amounted to 6.6 percent. But I made no reference at all to the average earnings of domestic lines.

Mr. DOUGLAS. Let me say that I have before me a brief in a case before the Civil Aeronautics Board, with an exhibit by the Bureau counsel; and I

ask consent to have excerpts from the exhibit printed at this point in the RECORD.

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

EXHIBIT BC 401

Pan American-Atlantic division—Reopened transatlantic final mail rates—Excess earnings of Pan American divisions proposed for offset against Atlantic division mail pay

[In thousands]

	1951		1952		1953			Total years 1951-53
	Pacific	Alaska last 6 months	Pacific	Alaska	Pacific	Alaska	LAD	
Habana Airport rental income not accrued by PAA							$247	
Total adjustments	$389	−$11	$236	$6	$152	$8	1,946	$2,726
Adjusted net income before taxes	7,068	633	7,498	527	7,268	376	9,610	32,980
Actual taxes as revised from amounts in PAA stipulation I and per PAA information request (revised) for 1953	3,309	275	3,204	293	3,449	183	3,553	14,266
Tax effect of Habana Airport revenue adjustment							128	128
Adjusted profits after taxes	3,759	358	4,294	234	3,819	193	5,929	18,586
10 percent return on investment (see exhibit BC 405)	2,481	108	2,725	253	2,934	297	4,119	12,917
Excess earnings available for offset	1,278	250	1,569	−19	885	−104	1,810	5,669
Excess earnings plus tax effect, at 52 percent								11,810

EXHIBIT BC 405

Pan American Atlantic Division—Reopened transatlantic final mail rates—Pacific, Alaska, and Latin American Division investment 1951-53

[In thousands]

	1951		1952		1953		
	Pacific	Alaska [1]	Pacific	Alaska	Pacific	Alaska	LAD
Investment:							
Working capital	$6,421	$1,392	$7,900	$1,539	$8,259	$1,435	$14,704
Fixed investment:							
Before AOA offset	19,206	767	20,248	990	21,727	1,534	26,556
AOA offset	−813		−896		−650		−66
As adjusted	18,383	767	19,352	990	21,077	1,534	26,490
Total investment	24,814	2,159	27,252	2,529	29,336	2,969	41,194

[1] Average investment for last half of 1951.

Mr. DOUGLAS. The brief shows that the earnings of 3 of the 4 Pan American divisions, for the year 1953, was $9,940,000 and that the total investment of these 3 Pan American divisions including the Pacific, Alaskan, and Latin Americans divisions was fixed at $73,499,000. So, assuming that the figures on earnings and valuation are comparable, the net earnings would be somewhere over 13 percent on investment for these 3 divisions.

I may say that in all these matters it is very difficult to get consolidated figures, because Pan American and the Civil Aeronautics Board submit separate figures for separate divisions, for differing time periods; and it is very difficult to dovetail them. Unless the CAB holds a consolidated subsidy proceeding covering all divisions of Pan American together for the same time period, it is very hard to carry into practice the principle the Supreme Court laid down in 1954, namely, that the earnings of the company should be taken in their entirety, rather than for each division by itself.

Mr. HOLLAND. Mr. President, will the Senator from Illinois yield to me at this point?

Mr. DOUGLAS. I am glad to yield.

Mr. HOLLAND. The Senator from Illinois has said exactly what I have said twice already, namely, that it is very hard, particularly when we go back to a period many years prior, and that the only reason for the delay on the part of the Civil Aeronautics Board—so the Board tells us—in making the offset an accomplished fact, is that it has been trying very hard to complete its audits, and has requested additional auditors. We provide for them in this bill.

Furthermore, in order to make sure that the principle of the Supreme Court's decision would be carried out promptly and successfully by the Civil Aeronautics Board, the very lawyer who successfully represented the United States in securing the decision was made Chairman of the Board.

Mr. DOUGLAS. Let me say that the Civil Aeronautics Board has made its own task more difficult by refusing to order Pan American to submit to a consolidated subsidy proceeding for all divisions for the same periods of time and to consolidate for the various divisions. It would have been a perfectly simple matter for the Board to have said, years ago, "We will audit on the basis of a calendar year or on the basis of a fiscal year, and you will submit the returns for each unit, but will consolidate them into a whole." That would have been perfectly simple, and would have been the natural thing to do. But the Board did not do that.

Sixteen months ago, the Supreme Court handed down this decision, as a principle. But to the best of my knowledge and belief, the Civil Aeronautics Board still has not required Pan American to submit to be a consolidated proceeding. So if there have been difficulties, they have been largely self-created or self-acquiesced in.

Mr. HOLLAND. Mr. President, will the Senator from Illinois yield further to me?

Mr. DOUGLAS. I yield.

Mr. HOLLAND. Does not the Senator from Illinois think that each of the carriers making accounts and reports from year to year was justified in reporting, and probably should have reported, in the form then required by the Civil Aeronautics Board?

Mr. DOUGLAS. I am trying to say that what we are really dealing with in this case is one company, Pan American; and that it should present a consolidated picture, and the Civil Aeronautics Board should order Pan American to do so; and that the Board should have ordered Pan American to do that a long time ago.

Mr. HOLLAND. Then the Senator from Illinois is saying that during all the time when the Civil Aeronautics Board was enforcing the law then existing, as the Board understood it, by allowing the form of accounting which then was followed by all airline companies, Pan American should have been following some other form, and should have been making its returns in a shape or way now required under the Supreme Court's decision and now, through the Civil Aeronautics Board, required both of Pan American and of every other line.

It seems to the Senator from Florida that nothing could be further from sound business than to take any such position. Of course, the regulated carrier was filing, from year to year, the reports required by the regulatory agency. The regulated carrier was filing exactly the reports it was required to file. To say that it should have begun to comply with the Supreme Court decision years before it was rendered is, on the face of it, rather ridiculous.

Mr. DOUGLAS. The Senator from Florida mistakes the position of the Senator from Illinois. There is a real question involved in this connection, as to who is being regulated, and who is the regulator. The CAB is supposed to be the regulator. Pan American is supposed to be the regulated carrier. At times it seems to me that it is Pan American which is the regulator. It seems to be regulating itself. That is the tendency all too frequently in the case of utilities.

What I am saying is that CAB should have provided uniform consolidated accounting for the same time periods, instead of a hodge-podge in which there are differing time periods for various divisions, making it very difficult to obtain a general picture. But I think I have discussed that subject long enough.

I wish to make another point. The hotels are not all the subsidiary activities of Pan American. It has other subsidiaries. So far as I have been able to discover, it has an interest in the Bermuda Development Co., Ltd. The share of Pan American is $189,880. To the best of my belief it also has an interest in the Caracas Country Club, the Golf Club of Lima, the Middle East Real Estate Co., and so forth. I submit that these are not activities which, either directly or indirectly, should be subsidized by the United States taxpayers.

Mr. President, I have tried thus far to cover two points: First, that the decision of the Supreme Court sets up claims of $6,800,000 against Pan American, which have not been prosecuted to date, and which can be used as an offset against any subsidy which may be owing.

Second, the subsidiaries involve Pan American in large losses, which necessarily weaken its financial position, and therefore tend to require a larger subsidy from the American public.

Let me turn, now, to the question of taxes, with which I began my speech of Tuesday. We have an extraordinary situation, in that the corporation taxes paid by Pan American are not really paid by Pan American, but are paid by the Government and by the taxpayers, to the apparent amount of $9,300,000 for the year 1953. To my mind this is truly an extraordinary situation. The same privilege is not granted to other lines to anywhere near that degree. For example, consider American Airlines. I believe that only $330,000 of its taxes is paid by the Government; and it is paid on the basis of the fraction of airmail traffic carried by American Airlines. I think that is an honest measure. In the case of American, it amounts to about 3 percent, as I understand, of the taxes which it pays. That practice is followed in the case of the other companies.

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

Mr. DOUGLAS. I yield.

Mr. HOLLAND. How would the CAB go about allowing taxes for American Airlines when American Airlines does not receive a subsidy, and is not one of the companies entitled to receive it?

Mr. DOUGLAS. The Post Office Department makes the payment.

Mr. HOLLAND. I think the Senator from Illinois inadvertently made a statement a moment ago which I do not believe he would wish to have stand in the RECORD. I understood him to say that Pan American was accorded different treatment in this regard from that accorded other companies. The statement which we received from CAB, upon inquiring into that subject, is that exactly the same rule is applied to all companies in this regard, and furthermore, that the allowance for taxes is supported by a ruling of the General Accounting Office. I hold in my hand a letter from the General Accounting Office, signed by the Comptroller General, and dated October 22, 1954. There is a great deal more to the letter, but I quote this portion of it:

> Hence I am of the view that legal authority exists for the inclusion of Federal income taxes as allowable costs in computing mail pay rates, whether for "service" or for "need" purposes.

I wish the RECORD clearly to show that the General Accounting Office, which is the arm of the legislative branch to check on this procedure, has directed CAB as to what it can do in this regard. I think it is doing it, and that it is doing it equitably with respect to all carriers. However, it cannot do it in connection with carriers which are not entitled to receive subsidies.

Mr. DOUGLAS. I point out to my good friend from Florida that the tax credits granted to other companies are in connection with postal rates, according to the percentage of the space capacity actually required for carrying the mail.

However, here we have a case in which not only 100 percent, but, as I shall show, in some cases more than 100 percent, of the taxes are met, on the most heavily subsidized lines. If the Senator from Florida is correct in his statement that the same rule is applied to all subsidized lines, then I suggest that the rule needs modification, because there is a very great difference between meeting the tax costs for an electric utility and meeting the tax costs for air carriers. In the first place, an electric utility has a monopoly which the air carrier does not have.

In the second place, most of the traffic of the air carriers comes from other sources than the mail. The mail constitutes not more than 10 percent of the traffic carried by such lines, yet 100 percent of their taxes is assumed by the Government. I think the situation raises very real questions. If this is the general practice with respect to all subsidized lines, a question is raised as to whether the subsidy should be continued. I think the Senator from Florida has given support to the position of the House that not more than $40 million should be granted.

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

Mr. DOUGLAS. I am glad to yield.

Mr. HOLLAND. It seems to the Senator from Florida that if the Senator from Illinois will only think through his position, he will realize how completely foolish would be the situation in which the CAB would be left if it were required to make payments of subsidies to a carrier at the same time the carrier owed income tax to the Government. If CAB did not offset, it would indeed be in an unsupportable position.

It appears to the Senator from Florida that the opinion of the General Accounting Office, which he has just read into the RECORD, states not only what is good law and sound auditing practice on the part of the Comptroller General, but it also states commonsense. I say that because I do not know how it would possibly be supportable as a commonsense operation for a Government agency to pay a subsidy to a corporation which owed another arm of the Government—owed the people of the United States, in other words—income taxes. Therefore, the ruling of the Comptroller General is that the law permits, and the Comptroller General so directs, that where there is a mutuality of accounting of that sort, instead of being put into the impossible situation of paying out money to the corporation and then leaving it to the corporation's pleasure to determine later whether the tax shall be paid; the short and more direct route will be followed, namely, the subsidy is paid to the income-tax collector.

Mr. DOUGLAS. If we may turn from the technicalities of the law to the substantive matters of fact involved here, the fact remains that Eastern Airlines gets only 1.4 percent of its taxes returned through its mail pay. American and United, each of which carries more mail than Pan American, get only 3 or 4 percent of their corporate income tax paid by CAB through mail pay. Of course, they receive no subsidies.

There is one interesting point connected with this matter, namely, that tax allowances are paid by the Government to certain airlines in anticipation of what their taxes may be, and in that connection the evidence shows that we have paid certain airlines more as tax allowance than the taxes have actually amounted to, and that they have had a windfall of 2 or 3 percent. The material I have prepared indicates that in the case of Pan American we have paid 102.6 percent of its taxes. This fact was admitted by CAB, because on page 2120 of last year's hearings I find the following quotation inserted from page 2 of CAB Order E 4561, of August 25, 1950, in which the Civil Aeronautics Board admitted:

> In computing such tax allowance in previous cases, however, the basis used has in many cases resulted in making provision for a greater amount of the tax than would ever be paid by the carrier.

In questioning the CAB representative at last year's hearings, as we may see on page 2166, his answer was that that statement was unquestionably correct, and he further admitted that this policy undoubtedly resulted in a windfall to some carriers in some years.

The hearings of last year also indicate that one airline received a windfall of $1¾ million, and CAB was requested to answer the affidavit that had been made in that case and to produce any other cases of windfalls.

Later, according to last year's hearings, CAB was requested to state, first, who got the tax windfall, second, how much the tax windfall amounted to, and in what year, and, third, what if anything had been done to recover the money. Last year CAB failed to answer these questions.

It is my further understanding that during the open hearings held by the appropriations subcommitee, in the presence of witnesses—although the exchange is not printed in the hearings—Messrs. Roth and Mulligan, of the CAB staff, stated that a precise answer was not possible.

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

Mr. DOUGLAS. I yield.

Mr. HOLLAND. I note the Senator has quoted from page 2166 of last year's hearings, and I believe the Senator omitted the real meat of the statement by CAB. Therefore, I should like at this time to call the Senator's attention to this statement. Immediately following the quotation which he read into the record appears the question of the Senator from West Virginia [Mr. KILGORE] and the answer of Mr. Roth, under the heading "Steps to Recapture Overpayment."

The Senator from West Virginia [Mr. KILGORE] asked this question of Mr. Roth, of CAB:

Senator KILGORE. What steps have been taken or what steps can and will the CAB take to recoup the extra money which is given to airlines for the purpose of enabling them to pay tax, part of which apparently they kept since they paid it into the Federal Treasury on orders given them by the Civil Aeronautics Board?

Mr. ROTH. The decision to which you refer was in 1950. That was only a tentative decision and is not yet final. That is all part of the Transatlantic Mail Rate case. However, in all decisions since that time—

That is 1950—

the Board has gone on the actual tax policy. Actually, the Board's decision was in a different docket number, involving Western Airlines.

And so forth. I shall not read the rest of the answer. The Senator from Illinois may read it if he wishes to do so. However, the answer makes it clear that that policy was in effect in 1950, but that the payments since that time had been made on the basis of actual taxes.

Mr. DOUGLAS. Mr. President, have the windfalls been recaptured?

Mr. HOLLAND. I am unable to say. However, we asked the CAB whether there was any recapture provision in the law similar to the one that is in effect with reference to the Maritime Board, and they replied there was not.

Mr. DOUGLAS. In other words, they have not recaptured these amounts. Is that correct?

Mr. HOLLAND. In other words, the agency of the Government to bring about recapture is the Internal Revenue Service or the Department of Justice, not CAB. That situation results from the law which Congress passed, and not from any attitude on the part of CAB.

Mr. DOUGLAS. I believe the answer to the question is that the recapture has not been effected.

I should now like to deal with the question of audits. It is stated that very careful audits have been made. I should like to point out that no audits whatsoever are made of the subsidiaries. No efforts have been made to date to recover on the offsets of past overcharges caused by not considering the operations of these lines as a whole. Furthermore, they are indulging in very questionable practices in meeting income taxes.

What is the auditing practice? The practice, as I am informed—and I believe this to be correct—is to pay the claims as submitted, but not to make an audit of them until 2 years later. What kind of business is that, Mr. President, to accept statements of claimants, but to withhold for 2 years making any check in order to determine whether claims are justified?

Therefore I cannot understand the Senator from Florida when he says that an accurate auditing system has been put into effect by governmental agencies.

Our sister body, the House of Representatives, is as careful about the rights of private enterprise as we are. Its committee went into this subject very thoroughly this year. I should like to call attention to the report of the House committee, at page 4. Does the Senator from Florida have that report?

Mr. HOLLAND. I have that report. We had it throughout the hearings. We based our every activity upon a careful consideration of the report of the committee of the House of Representatives in connection with that particular agency, and in this particular case of the CAB, we certainly had a check and a recheck made of the items to which the Senator is adverting.

Mr. DOUGLAS. I should like to read what the House committee said on page 4 of its report:

The sum of $40 million is recommended for the coming fiscal year for this purpose, a reduction of $8,900,000 below funds appropriated for 1955 and a reduction of $23 million in the budget estimate.

Therefore the Commerce Department, in my judgment, is taking a very bad attitude in trying to boost subsidies as much as possible.

Now I come to the salient sentence:

The committee believes that substantial reductions can be made in payments to air carriers during the next fiscal year if a careful and thorough audit of each claim is made and if realistic practices in the handling of these claims are followed.

I submit, Mr. President, that the House committee is correct. A greater stimulus to careful auditing would be to reduce the appropriation, not let it remain at $55 million. Then the CAB would have to conserve its funds and recoup some of the money. It would go into the question of subsidiaries and audit current accounts much more carefully than it now does. But if we give the Board all the money it wants, that agency, which has made such a bad record in the past, will be encouraged to sleep in the future. There is nothing like tightening the pursestrings to stimulate a desire for economy.

Mr. President, I should like to invite attention to the fact that after the House cut the appropriation from the $63 million requested by the administration to $40 million, CAB entered some orders that looked pretty good. That was 9 days after the House acted, and when it seemed that the money was not going to be available. But the Board made those rulings only tentatively. While I do not wish to pose as a prophet or as the son of a prophet, I would hazard a guess that if we increase the appropriation, the tentative ruling made after the House acted may be revoked, if and when the total figure is known.

Mr. President, in conclusion, I wish to deal with the legal point raised by the Senator from Florida in the beginning, namely, whether we are obligated by the actions of the CAB.

In a democracy the appropriating body is the legislature. We can never allow an administrative agency to tie up the representatives of the people and commit appropriations in advance of the congressional action providing them. I should like to point out that until last year what we had was a combination of subsidy and mail rates. We could not distinguish between the two. We knew there was a lot of subsidy bound up in the mail rate, but it was very difficult to find out how much.

In the past I have tried to effect a separation, and have endeavored to decrease the amount appropriated for the mail rate in order to reduce the hidden subsidies, but I was unsuccessful. The Senator from Massachusetts [Mr. KENNEDY] made such an effort and was unsuccessful.

While I have sometimes been harsh with the administration, I wish to give it credit for issuing Order No. 10, which did provide for a separation of subsidy and mail rates. To my mind it was a very progressive, forward-looking, businesslike method. We are now voting on airline subsidies as separate appropriation items, no longer a part of the postal appropriation, but a part of the Civil Aeronautics Board appropriation. Congress appropriated less than the amount asked for. I wish to pay tribute to the House in this connection, and to say that there are a number of Members on the other side of the Capitol who have been very active in this matter, particularly Representative JOHN J. ROONEY, of Brooklyn, N. Y., who has made a magnificent fight.

Last year Representative HINSHAW, of California, made the identical point with which the Senator from Florida started out this morning. He argued that the prior recommendations of the Civil Aeronautics Board were legal obligations of the Congress, but it did not deter Congress from making the cut. As I remember, last year we did not raise the House figure. It was predicted by CAB that a great catastrophe would occur in January, February, or March of 1955, that it would run out of money and that American aviation would be driven from the sky. Yet such a catastrophe never occurred. Instead of restoring the $33 million cut which had been made, Congress, in a supplemental bill passed at the end of 1954, restored only $8,900,000.

Thus for the fiscal year 1954 $24,100,000 was saved to the American taxpayers; and as for the airlines, the predicted catastrophe never occurred. Instead, the airlines have reported for the first quarter of 1955 the highest profit in their history.

I submit, therefore, that this information deals with the question very thoroughly, but I should like to refer the Members of this body to a letter addressed to me by Mr. James P. Radigan, Jr., senior specialist in American law in the Library of Congress. I asked him

the question whether Congress is obligated to appropriate subsidies to enable the Civil Aeronautics Board to provide allowances to carriers to pay their Federal income taxes. My question and his reply are printed on page 8135 of the RECORD. His answer was that Congress was not so obligated.

I have obtained supplemental opinions from Mr. Radigan dealing not only with the tax matter, but with the entire question of subsidies, in which he declares that the Civil Aeronautics Board does not have the authority to obligate funds for subsidies without action directly by the Congress.

Mr. President, I ask unanimous consent that these opinions of Mr. Radigan, addressed to my colleague and good friend the Senator from Massachusetts [Mr. KENNEDY], under date of May 13, 1953, May 19, 1953, and May 24, 1954, may be printed in the RECORD at this point in my remarks.

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

EXTRACT FROM OPINION, MAY 13, 1953, BY JAMES P. RADIGAN, JR., CHIEF, AMERICAN LAW DIVISION, LIBRARY OF CONGRESS

Under the proposed reorganization plan, would the Civil Aeronautics Board have authority to obligate the funds for subsidies without action directly by Congress?

If by "without action directly by Congress" you mean without previous authorization and appropriation, the answer is "No." Article I, section 9, clause 7 of the United States Constitution provides: "No money shall be drawn from the Treasury, but in consequence of appropriations made by law. * * *" This clause is a restriction upon the disbursing authority of the executive department, and means simply that no money can be paid out of the Treasury unless it has been appropriated by an act of Congress. *Cincinnati Soap Co.* v. *United States* ((1937) 301 U. S. 308). No officer, however high, not even the President, is empowered to pay debts of the United States generally, when presented to them. *Reeside* v. *Walker* ((1950) 11 How. 272). There is, however, under the present law (which would be true under the proposed reorganization plan) no method of controlling the amount allocated for individual subsidies except to the extent that the totals must not exceed appropriations. Under the present law, the cost of air mail transportation service and the amount of subsidies are consolidated and the rate of compensation is fixed by the Civil Aeronautics Board which the Postmaster General is obligated to pay from the appropriations for air mail transportation services. Under the proposed reorganization plan it would appear necessary to limit payments from the appropriation for air mail transportation services payable by the Postmaster General to the amount fixed by the Civil Aeronautics Board as the rate of compensation for these services. The payment of subsidies under the proposed reorganization plan would be made by the Civil Aeronautics Board from appropriations made therefor. It is not possible under the Constitution for any public officer or department to obligate the United States to pay any moneys whatsoever except pursuant to statutory authorization.

It is for Congress, proceeding under the Constitution, to say what amount may be drawn from the Treasury in pursuance of an appropriation, and if an officer, upon his own responsibility, and without the authority of Congress, assumes to bind the Government, by express or implied, contract, to pay a sum in excess of that limited by Congress for the purposes of such a contract, the contract is nullity, so far as the Government is concerned, and no legal obligation arises upon its part to meet its provision. *Hooe* v. *United States* ((1910) 218 U. S. 322).

From a practical point of view no airmail carrier or other air carrier would have a claim, other than moral, against the United States for any promised subsidies which had not been specifically authorized by statute and which had not been specifically allocated from funds previously appropriated. Congress has power to recognize moral obligations. *Marion & Rye Valley Railroad Co.* v. *United States* ((1926) 270 U. S. 280).

THE LIBRARY OF CONGRESS,
Washington, D. C., May 19, 1953.

To: Hon. JOHN F. KENNEDY.

Subject: Power of the Civil Aeronautics Board to obligate the United States for subsidy payments under the proposed reorganization plan and under S. 1360 of the 83d Congress.

Assuming, arguendo, that the proposed reorganization plan is valid, then the power of the Board to obligate the United States for subsidy payments would emanate from section 406 (b) of the Civil Aeronautics Act of 1938 (52 Stat. 998; U. S. C. 49:486). The pertinent part of this section, with respect to subsidies as distinguished from compensation for airmail transportation service after the effectuation of the division of the function under the proposed reorganization plan, would be: "and (the need), together with all other revenue of the air carrier, to enable such air carrier under honest, economical, and efficient management, to maintain and continue the development of air transportation to the extent and of the character and quality required for the commerce of the United States, the postal service, and the national defense." The authority thus granted by section 406 (b) to consider the foregoing factor in the fixing of airmail transportation compensation is a rather nebulous basis upon which to predicate a reorganization plan under which an obligatory contract for the payment of subsidies may be made.

But even if it were sufficient authority to support obligatory contracts for the payment of subsidies, such contracts would be subject to the limitations of R. S. 3678 (U. S. C. 31:665), the first subsection of which reads: "No officer or employee of the United States shall make or authorize an expenditure from or create or authorize an obligation under any appropriation or fund in excess of the amount available therein; nor shall any such officer or employee involve the Government in any contract or other obligation, for the payment of money for any purpose, in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law." If sections 483, 486, and 493 of title 39 of the United States Code, which generally authorize the Postmaster General to contract for carrying the mails, yield to this provision, as originally enacted, limiting expenditures so that appropriation is necessary for the employment of extra carriers, etc. (39 Op. Atty. Gen. 157), may it be logically contended that the general and indefinite terms of section 486 (b), pertaining to the consideration of the need for subsidies, would be outside the purview of such section? It is the settled and recognized policy of Congress to keep all of the departments of the Government, in the matter of incurring obligations for expenditures, within the appropriations annually made for conducting its affairs. *Sutton* v. *U. S.* ((1921) 256 U. S. 575).

The contracts likewise would be subject to the provisions of the act of June 30, 1906 (34 Stat. 764; U. S. C. 31: 627) which provides: "No act of Congress hereafter passed shall be construed to make an appropriation out of the Treasury of the United States, or to authorize the execution of a contract involving the payment of money in excess of appropriations made by law, unless such act shall in specific terms declare an appropriation to be made or that a contract may be executed." As those dealing with the Government must be held to have notice of these limitations upon authority (see *Sutton* v. *U. S., supra*), any contention that the grants or subsidies are not within the ambit of the limitations of this section is very tenuous.

If the power of the Postmaster General "to establish post offices" does not authorize him to bind the United States by a lease for a post office building, there being no appropriation therefor (*Chase* v. *U. S.* (1894) 155 U. S. 489), a fortiori the Civil Aeronautics Board may not bind the United States by a contract for the grant of subsidies in excess of appropriations. If, as stated in 6 Opinions of the Attorney General 28, one appropriation does not necessarily involve the undertaking of the Congress to make further appropriations, and does not of itself empower the President to engage the Government beyond the specified sum, it is impossible to support the allegation that the Civil Aeronautics Board may bind the Government to pay grants of subsidies made by it in excess of appropriations. The general public system for the appropriation and disbursement of public moneys is permanent and unless charges are within the objects for which an appropriation is made they cannot be applied to that appropriation. (28 Op. Atty. Gen. 634.)

The foregoing observations, with reference to limitations on the authority of the Civil Aeronautics Board to obligate the United States for subsidy payments beyond the amount appropriated and available, would likewise be applicable to the Board if S. 1360 were passed. There would be, however, the additional specific restriction of the bill found on page 5, lines 2–6, which reads: "Payments under this subsection (subsidies for essential aircraft operation) shall be made by the Board out of sums appropriated to the Board for such purpose, and there are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this subsection." This wording of S. 1360 also has the additional advantage over the proposed reorganization plan in that it grants a clear authorization for appropriations for subsidies as such, which is not found in the Civil Aeronautics Act of 1938, supra, the foundation for the payment of subsidies under the proposed reorganization plan.

JAMES P. RADIGAN, JR.,
American Law Division.

MAY 19, 1953.

THE LIBRARY OF CONGRESS,
Washington, D. C., May 24, 1954.

To: Senator JOHN F. KENNEDY.

Subject: Reply to the criticism of Messrs. Stuart G. Tipton and Russell S. Bernard of the Air Transport Association of America of my memorandums of May 13 and 19, 1953.

"1. The Civil Aeronautics Board, when it fixes and determines fair and reasonable rates of compensation for the transportation of mail by aircraft pursuant to section 406 of the Civil Aeronautics Act does not create an obligation of the Government for the payment of money."

No contrary opinion on this point was given in my memorandums to you nor is the point now denied. There was no assumption on my part, nor was any statement made in the memorandums to you upon which an implication could be fairly drawn, that the establishment of a rate for mail transportation in and of itself created an obligation on the part of the United States. Further, it is a *non sequitur*, as are points 2 and 3 of the memorandum of Stuart G. Tipton and Russell S. Bernhard of the Air Transport Association of America. To establish the point that a fixed rate for service does not create an

obligation until the service is rendered, does not prove that the United States is legally obligated to pay the amount of subsidies found to be desirable by the Civil Aeronautics Board.

"2. When mail service is performed by an air carrier pursuant to the requirements of section 405 (g) of the Civil Aeronautics Act, an implied contract arises which is sufficient in law to support a judgment in the United States Court of Claims against the Government for compensation due."

Granted, but what has this to do with the Civil Aeronautics Board creating an implied legal obligation upon the Congress to appropriate the amount of subsidies which the Board feels the air carriers may need? Because there is a legal obligation to pay fair and reasonable rates of compensation for the actual transportation of mail by air carriers, it does not follow that there is a legal obligation on the part of Congress to appropriate the amount of subsidies found to be desirable by the Civil Aeronautics Board. Further, the case, *Capital Lines, Inc.* v. *Civil Aeronautics Board* (171 F. 2d 339), cited, hardly supports the rationale, or rather the supposition, that the right to subsidies is as obligatory as the right to just compensation. To the contrary, the court disposed of the contention that the Civil Aeronautics Act entitled air carriers to the readjustment of rates to insure profitable operation. The words of the court are as follows:

"The act, with its regulatory provision, is not intended to underwrite profitable operation of a carrier's business, any more than statutes imposing regulation of public utilities are intended to insure them a net revenue. *Federal Power Commission* v. *National Gas Pipeline Co.* ((1942) 315 U. S. 575, 590, 62 S. Ct. 736, 86 L. Ed. 1037), and cases cited.

"3. The obligation of the Government to pay for air mail services performed arises from the mandatory duties imposed upon the Postmaster General and the air carriers under section 405 (g) of the Civil Aeronautics Act, and the limitations of title 31, United States Code section 665, are therefore inapplicable."

The obligation of the Government to pay for air mail services is granted. The rules of the cases cited, however, are that the Interstate Commerce Commission (in a railroad case) and the Civil Aeronautics Board (in an air carrier case) do not have authority to fix rates retroactive to a period prior to the initiation of the mail-rate proceedings. The thesis that these cases provide a hypothesis for the proposition that United States Code, title 31, section 665 is not applicable to subsidies allocated to air carriers by the Civil Aeronautics Board, is a patent sophistry. To transport the exception in United States Code, title 31, section 665, "unless such contract or obligation is authorized by law", so as to convert the authority to determine the need for subsidies by air carriers granted the Civil Aeronautics Board into a binding contract, is a tour de force of legal verbiage which is bound to amaze, though not convince, the perceptive reader. That the Congress is not permitted to abdicate or to delegate its essential legislative functions to others (*Panama Refining Company* v. *Ryan* ((1935) 293 U. S. 338, 341); *United States* v. *Shreveport Grain & El Company* ((1932) 287 U. S. 77, 85), makes point 3 absolutely untenable.

"4. Reorganization Plan No. 10 of 1953 effects no substantive change in the provisions of sections 405 or 406 of the Civil Aeronautics Act."

The sentence quoted from the message of President Eisenhower in his letter transmitting Reorganization Plan No. 10 of 1953 is correct but, there is also to be found in such message the following sentences:

"1. The plan will transfer to the Board the responsibility for paying any amounts in excess of such compensation, this excess being the subsidy element of the aggregate Federal payment. * * * It will assure the Congress and the public of continuing information on the cost of this program. It will give the Congress an opportunity to review and take any appropriate action with respect to the level of subsidy aid in the course of the regular appropriation process."

This last sentence, in particular, certainly seems to be contrary to the underlying philosophy of the memorandum submitted by Messrs. Tipton and Bernhard, which can be nothing less than that the Congress has neither the right nor the power to review, or take any action in, the course of the regular appropriation process. Further contradiction of such a philosophy is found in the following statement in the decision of the Supreme Court of the United States in the case of *Transcontinental & Western Air, Inc.* v. *Civil Aeronautics Board* ((1949) 336 U. S. 601), 606: "Petitioners' reading of the Act (Civil Aeronautics Act) would in practical effect have the tendency to transform it into a cost-plus system of regulations, a construction which would not harmonize with the apparent design of the act."

Mr. Tipton himself, in testifying on Reorganization Plan No. 10 of 1953 (page 10 of the hearings of July 17, 1953), stated with respect to the proposed plan: "It requires the Civil Aeronautics Board to separate subsidy from mail pay. * * *" But now he contends that, although there is a separation, they are one and the same and the air carriers, in addition to compensation paid by the Post Office Department, are entitled on the basis of an implied contract to the subsidies fixed by the Civil Aeronautics Board free of powers of Congress with respect to appropriations.

JAMES P. RADIGAN, Jr.,
American Law Division.

MAY 24, 1954.

Mr. DOUGLAS. Mr. President, to confirm my statement that there are no proper audits of Pan American Airways, I should like to quote from a report of the investigative staff of the House committee, Report No. 207 of the House in connection with the second supplemental appropriation bill of 1955. I read from page 6 of that report, as follows:

The survey indicates that the Civil Aeronautics Board does not have accurate facts or figures regarding Pan American operations. Most of the subsidiaries have never been properly audited and some not at all, and there has not been insistence that the operations of the entire system be treated as an entity, as required by a recent Supreme Court decision. If corrective action were taken, substantial cuts in subsidy should result.

Mr. President, I am about to yield the floor. I may say that it is a matter of continual wonder to me that when appropriations are suggested to benefit the health of children, to aid education, or to provide assistance for those who are at the bottom of the economic ladder, they are commonly attacked. But subsidies for those who do not need them, subsidies for those who already have enough—these are regarded as proper. In other words, if one has a large amount of this world's goods, it is all right to feed at the trough of the American public. It is only the poor and the weak who are to be denied aid from the Government.

When the Government begins to pay subsidies to private groups, it sets up vested interests which are never satisfied, which demand more and more, and which, because of the subsidies, are able to set up powerful political lobbies.

It seems to me that in order to protect the public purse, a stop should be put to this. That is why I think the House was correct, and why I believe the Senate committee, with the best intentions in the world, erred.

I yield the floor, and ask unanimous consent that certain letters be printed in the RECORD at this point.

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

JUNE 7, 1955.

Hon. CARL HAYDEN,
Chairman, Appropriations Committee, United States Senate, Washington, D. C.

DEAR SENATOR: I am enclosing herewith a letter I have received from Mr. Norman MacDonald, executive director of the Massachusetts Federation of Taxpayers Associations, Inc., in behalf of a $50 million reduction in the 1956 CAB airline-subsidy appropriation.

Mr. MacDonald has made a long study in this field, and inasmuch as it reflects a view which I have long held, I respectfully request that his letter be printed in the hearings of your committee.

With every good wish,
Sincerely yours,

JOHN F. KENNEDY.

MASSACHUSETTS FEDERATION OF TAXPAYERS ASSOCIATIONS, INC.,
Boston, Mass., June 6, 1955.

Senator JOHN F. KENNEDY,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I am attaching herewith a complete statement by Postmaster General Summerfield of the assertions which have been made by his Department under the Supreme Court decisions of February 1, 1954, in the case of *Summerfield* v. *Civil Aeronautics Board*, which itemized assertions, you will note, total $50,798,000.

It is, of course, possible that the Postmaster General exaggerated, but if he did so, he succeeded in deluding the Supreme Court, which ruled for him, 9 to 0.

This point ought to be better understood than it seems to be by the new Chairman of the Civil Aeronautics Board, Mr. Rizley, since I note from page 2200 of the hearings of the Appropriations Committee a year ago on the Civil Aeronautics Board that Mr. Rizley's name appeared on the brief as one of the solicitors for the Post Office Department. It is, therefore, particularly surprising, since he has this background on the case, that in his new capacity as Chairman of the Civil Aeronautics Board he is now reiterating the self-protective argument made last year by the staff of the Civil Aeronautics Board.

At the time when the cut made by the House last year in the CAB subsidy appropriations was sustained by the Senate, June 4, 1954, one of your colleagues stated on the floor of the Senate: "The simplest way for us to recoup the money is to hold up on further appropriations until the debt is paid back. We do that in the case of Government servants, so why not do it in regard to the subsidized airlines?"

This argument has a plain, commonsense appeal to me and I hope it may have to you also.

I have noted in recent news items that on April 20, 1955, Trans World Airlines refunded $719,882 to the Government and did it by means of a check made out to the Civil Aeronautics Board. Subsequent news items indicate the Civil Aeronautics Board is using this money to pay the subsidy claims of local service or feeder airlines.

If that procedure can be followed in the case of the $700,000 from TWA, it seems to

me perfectly feasible that it can and should be done with regard to whatever part of $50,798,000 is finally adjudicated as due the Federal Government.

The fact that in the 15 months following the Supreme Court decision practically none of the $50,798,000 has been recovered for the Government prompts me to suggest that greater zeal will be shown by the Civil Aeronautics Board in recovering amounts due to the Government if they have to use the amounts recovered to pay future subsidies.

In the case of airlines which will continue to be receiving subsidies during 1956, and I believe that that is true of all except 1 of the 6 companies listed in the Postmaster General's letter, it should be possible for the Congress to force the Civil Aeronautics Board to deduct from the future subsidy payments the amounts which those same carriers owe to the Government. For example, if the Government proposed to pay Airline XYZ a subsidy of $17 million and discovered that under the Supreme Court decision that airline owed the Government $7 million, obviously the Government should not pay the 17 but should only pay the 10, in order that the 7 might in that way be recovered.

The Post Office Department officials themselves state that their assertions cover "amounts available as offset against the subsidy claims of the air carriers."

What needs doing is to force that offset to be made, and I can think of no better way to do it than to hold back on future appropriations.

I note with pleasure that my philosophy on this matter is shared by the House Appropriations Committee in the statement on page 7 of House Report 207 regarding the subsidies:

"The committee is of the opinion that the Supreme Court decision, if properly adhered to, will result in a substantial reduction in the amount of subsidy, and that the amount allowed by the committee will be sufficient to make payments during the remainder of the fiscal year to domestic lines and international carriers who are not affected by the Supreme Court offset decision."

The slowness of the CAB to implement the Supreme Court decision makes the average taxpayer suspicious that the Civil Aeronautics Board and the recipient airlines may be stalling off the settlement of claims by the Government while they proceed in their attempts to secure legislation (such as S. 3426 by the late Senator McCarran, or S. 1462 of the present Congress) to repeal the law upon which the Supreme Court decision was based.

The $50 million estimate by the Postmaster General mentioned in my telegram of April 15 to you, is only one of a number of very specific reasons why I urge a drastic reduction of the airline subsidy appropriations.

I would specifically like to see the Congress provide that none of the subsidies to airlines voted at the public expense be given for the purpose of paying the Federal income taxes of the recipient airlines. At the hearings last year on the CAB, page 2165, the Civil Aeronautics Board estimated that approximately $13 million out of the appropriations which they were requesting from your committee represented allowances which they planned to give to certain companies so that those companies might then pay their Federal income taxes. It appears to me that the granting of additional subsidies at the public expense to cover the Federal income taxes of certain airlines is a practice of very doubtful legality. Several court decisions supporting my point of view are to be found on pages 2261 and 2262 of the hearings of last year on the CAB appropriation for fiscal 1955. In one of those decisions the court held: * * * "The act, with its regulatory provision, is not intended to underwrite profitable operation of a carrier's business. * * *" If the Government is not obligated to provide a profit to a private airline at the public expense, the Government is certainly not obligated to pay, at the public expense, the Federal income taxes of certain private airlines.

A review of your hearings of last year reveals further abuse of this practice which might be entitled "Tax Windfalls." It appears that the Civil Aeronautics Board itself admitted (your hearings, p. 2120) that: "In computing such tax allowances in previous cases, however, the basis used has in many cases resulted in making provision for a greater amount of tax than would ever be paid by the carrier."

I hope you will ask the Civil Aeronautics Board and such other Federal agencies that may be involved what has been done to recoup these past overpayments or tax windfalls.

I hope you will also find out from the Civil Aeronautics Board how much these tax windfalls have amounted to in the many cases which they admit to have occurred and that you will further subtract that sum from future appropriations.

Still another abuse of subsidies which has been revealed in the hearings before the committee and before the House Appropriations Committee is the failure of the Civil Aeronautics Board to have subtracted from the expenses of subsidized airlines which are allowed by the CAB in computing their mail rate the expenditures by the recipient companies on extracurricular subsidiaries such as hotel chains. A list of the subsidiaries of subsidized airlines may be found on pages 2159–2164 of the committee hearings of last year on the Civil Aeronautics Board. Comparison of that list with the list on pages 387–388 of this year's House hearings on the 1956 CAB budget indicates that the expenditures and/or investment of subsidized airlines in extracurricular activities such as hotels and real-estate development companies have increased considerably. To take a specific example, you yourself can ask the Civil Aeronautics Board if it is not true that during the calendar year 1953 the airline for which they are proposing to give the largest amount of subsidy at the public expense, Pan American, spent some $2,500,000 more on its wholly owned subsidiary, Intercontinental Hotels Corp., than it received back. If the Congress were to force the CAB to subtract that $2.5 million from the airlines' expenditures in computing the mail rate to be paid to that airline, then the gap between the airline's total expenditures and its total revenues would be narrowed by $2.5 million and their claims for subsidies would accordingly be reduced by $2.5 million in a single year. Diligent interrogation of the Civil Aeronautics Board concerning the relationship of subsidized airlines to other subsidiaries noted on the list already in the possession of your committee would unearth other concrete economies to be achieved in the airmail-subsidy program.

In addition, I believe the taxpayers could be protected for the future if your committee were to state its intention that none of the airline subsidies appropriated by your committee were directly or indirectly to be used as expenditures or investments in nonaviation subsidiaries.

In conclusion, I feel that your committee must compare total "mail pay" expenditures (both so-called service airmail pay and subsidy) as proposed by the CAB for the fiscal year 1956 with the total expenditures for previous years. If you do so, you will find that the 1956 program outlined by the Civil Aeronautics Board is some $21 million higher than the 1955 program, which is certainly progress in the wrong direction.

The figures submitted by the Post Office Department to the Treasury-Post Office Subcommittee of the House Appropriations Committee on page 155 of their hearings on the 1956 Post Office budget (which has already passed the Congress) indicate that provision has already been made by the Congress for "service mail pay" for fiscal 1956 in the recordbreaking sum of $77,410,000. Now comes the Civil Aeronautics Board asking you for an additional appropriation, over and above the $77,410,000 of service mail pay which you have already voted, of $63 million in outright subsidies, or gifts at the public expense, for a total "mail pay" program for 1956 of $140,410,000. This proposal by the Civil Aeronautics Board for $140 million of mail pay and subsidies for fiscal 1956 would, if enacted by the Congress, be the highest appropriation for "mail pay" in American history. And all this is proposed at a time when the airlines are enjoying the largest profits in their history.

It should further be noted that fewer companies are scheduled to receive subsidies in 1956 than were scheduled to receive them in previous years, all of which makes the proposed increase still more unreasonable. Pan-American remains the only really large line receiving big subsidies. Recoupment of sums owing to the Government under the Supreme Court decision or under the heading of "tax windfalls" and so forth, should help bring in the money for such genuine subsidies as the small feeder lines may require for defense or experimental purposes without the necessity of voting the full appropriation. This whole airline subsidy program, which Congress started to reduce in fiscal 1955, has to be firmly and consistently scaled downward so we will very soon be able to eliminate this item of Federal expenditure entirely, and not just talk about eliminating it.

We have seen small justification for these huge subsidies. We find (Senate Appropriations Committee hearings on CAB of last year, p. 1717) that despite frequent intimations that these subsidies are serving a defense purpose, the specific defense activities of installing into commercial airplanes special military communications and navigation apparatus for the purpose of adding to the ability of those planes to perform military airlift in event of war has not, is not, and under the proposal of the Civil Aeronautics Board, will not be paid for by these Civil Aeronautics Board subsidies. Instead, this installation of defense features in commercial planes is being paid for by a separate appropriation within the appropriations for the Department of Defense.

While the action of the House Appropriations Committee on May 19 of reducing CAB subsidies by $23 million is a step in the right direction, I feel that it is not enough, and that a reduction of $50 million is called for.

A $50 million cut was proposed in House Report 1242 of the 83d Congress, but was not fully carried out.

You will note that even after a $50 million reduction in the subsidies, the total mail-pay-and-subsidy appropriations for fiscal 1956 would total $90 million, or more than was spent on this same item at the time when the Hoover Commission, alarmed at the rapid increase of "mail pay" expenditures, first called for reform.

You will also note that the specific items calling for a reduction in subsidies which I have fully described above, and which are a matter of record in your committee, total more than the $50 million cut which I am recommending:

Assertions by Postmaster General under Supreme Court decisions	$50,798,000
Income tax allowances (per year)	13,000,000
Minimum saving on nonaviation subsidiaries	2,500,000
Total	66,298,000

These items of reduction do not even include estimates of savings in subsidy spending which could be accomplished by complete and prompt audits, recovering tax

windfalls, disallowing large parts of expense accounts, eliminating overscheduling, lowering service mail rates.

You can, if you want, permit airline corporations who are appealing for a public dole at the expense of the American taxpayers to own and spend money on a string of luxury hotels in foreign countries; you can, if you want, permit the Federal income taxes of certain large airline corporations to be paid at the expense of all the other taxpayers; you can turn your back on the need for proper audits before the expenditure of airline subsidies is forgotten 2 or 3 or 4 or 5 years later; you can forget about the tax windfalls enjoyed by certain airlines which should be recovered for the Government; you can go on appropriating subsidies, at the public expense, to be spent in contradiction of the decisions of the Supreme Court, upon airline companies that owe—instead—enormous amounts of money to the public treasury—yes, you of the Congress have a free hand to appropriate as much or as little of the taxpayers' money as you wish to subsidize certain private airlines—but, if you have a reasonable regard for the welfare of the taxpayers of your State and of the Nation, and for the principle of thrift, you will vote whenever the opportunity offers to reduce the airline subsidies requested by the Civil Aeronautics Board by at least the $50 million documented in this report.

Sincerely yours,

NORMAN MACDONALD,
Executive Director.

Mr. HOLLAND. Mr. President, I wish to make a brief reply, while a reply is particularly appropriate, and I hope the Senator from Illinois will follow me.

The Senator has quoted, in support of his position that the Senate does not have to appropriate funds to meet lawful obligations of the United States, a letter, or a series of letters, from Mr. Radigan, of the legislative reference staff of the Library of Congress.

In the first place, it is no secret to the Senate that we do not have to meet lawful obligations of the United States if we do not want to do so. But it has been the uniform practice, since I became a Member of the Senate, when lawful obligations have been created and have come due, for the Senate to attempt to learn what they are and to do its part to meet them. I believe that is the present attitude of the Senate, as I know it was the attitude of the subcommittee and of the full Committee on Appropriations. It was for that reason that we made the recommendations which we did.

As to whether or not the items were legal obligations, I think the Senate is more concerned with what might be the attitude of the Comptroller General on this point than what might be the attitude of an attorney, no matter how able he may be, on the staff of the Library of Congress, because the General Accounting Office has been established to protect Congress in these matters, and to advise us as to how we can properly meet the obligations of the United States.

On this very point I read a paragraph from the letter of October 6, 1954, from the Comptroller General of the United States to the then Chairman of the Civil Aeronautics Board, former Senator Chan Gurney. This paragraph ought pretty thoroughly to dispose of the issue as to how an obligation of the United States is created in this field.

The statutory direction that the Board fix and determine fair and reasonable rates is independent of the direction that the Postmaster General pay such rates for the transportation of mail by aircraft. The rates are not earned, and neither the Postmaster General nor the Board incurs an obligation to pay them, until mail has been transported. In other words, determination of rates is disassociated not only from the function of payment but even from the incurrence of obligation. Hence, I am of the view that the existence or nonexistence of appropriations does not in any way restrict or interefere with the ratemaking duties of the Board.

The Comptroller General could not have made it more clear that it was the duty of the Board to fix rates after proper hearings; and that when the Board has fixed rates, the cold issue then is whether service was performed and the mail transported under them; and once the mail was transported under those rates, the operation was complete.

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

Mr. HOLLAND. If the Senator from Illinois will permit me to pursue my point a moment longer, I shall yield when I have finished. I have already pointed out that the present able Chairman of the Board was formerly Solicitor for the Post Office Department, and in that capacity succeeded in obtaining from the Supreme Court of the United States a decision which required the whole organization of any air operator to be considered for rate making as one entity. Now, as Chairman of the Board, he is trying to enforce that ruling as quickly as possible.

I read from his statement before our subcommittee as it appears on page 266 of the hearings. His statement, I think, was clearly in accord with that of the Comptroller General, and was clearly in accord with sound dealing, whether it be in the Government or in private business, as to when and how an obligation is incurred. Mr. Rizley testified as follows:

At this juncture I want to make an extremely important and fundamental point clear. It is the mail rate case that determines the level of a particular carrier's subsidy, not its so-called monthly claim. A mail rate case involves notice and hearing; in short, a formal proceeding. It is the Board's order issued in the proceeding which fixes the carrier's subsidy as part of its total compensation pursuant to section 406 of the act for a service rendered, i. e., carrying mail. The order constitutes, in effect, a contract between the carrier and the Government.

The Senate committee could not more fully approve the statement of the Chairman of the Board that when, after proper hearing, after proper notice, and after all parties have been heard, the CAB issues its rate order and the order becomes final—we all know that a right of appeal to the circuit court of appeals exists if injustice has been done—the carrier must comply therewith, and carry the mail, and when the mail has been carried, he is entitled to be paid, and his contract, based upon the order, is complied with when it becomes effective.

It seems so clear to me that that is fair course of dealing that I do not care to debate the question further.

I yield to the Senator from Illinois.

Mr. DOUGLAS. The opinion or opinions which the Senator from Florida has read are like the line in Gilbert and Sullivan:

The flowers that bloom in the spring, tra la,
have nothing to do with the case.

The opinion from which the Senator has been reading deals with mail rates. Formerly the mail pay and the subsidy were joined together; but by Executive Order No. 10, which was not disapproved by Congress, and is now in effect, the mail rate and the subsidy are separated.

What we are considering today is not the mail rate, but the subsidy, which is subject to the determination of Congress. If we permit the CAB to determine the subsidy, we shall be permitting an administrative board to take over the functions of a legislative body. As a matter of fact, we are getting back to exactly the condition which existed prior to the separation of the subsidy and the mail rate.

Mr. HOLLAND. I think the Senator from Illinois could not be more completely wrong than he is, because, as we understand the matter, it is the mail rate which is basic to the whole question of determining what the subsidy shall be. When the mail rate is fixed, and after the Post Office has paid a part of it, in the event the company is in a position to claim a subsidy, it is then the remainder which becomes the claim.

It is a comparison between the mail rate and the service pay, and the application of one upon the other, which creates the right to a subsidy. If the service pay is greater than the mail rate, there is no subsidy; if it is less, then there is a subsidy. It is the remaining unpaid amount which constitutes the subsidy.

Certainly I do not seek to be unfriendly in this matter in the slightest, but it seems to me that the Senator from Illinois has his remedy; and he should pursue it, if he does not like the payment of subsidies, as many of us do not, by submitting a proposal to change section 406 of the appropriate legislation.

It seems to me that any Senator who believes that Congress should take legislative action, will find himself satisfied, because Congress has taken it in the adoption of section 406. It seems to me that if the Senator from Illinois does not like the CAB, he has a remedy. If he does not like the General Accounting Office and the way in which it enforces the law, he has a remedy. If he does not like the way this matter has been handled administratively, he has a remedy.

But to say, when he comes to the floor of the Senate on pay day, that he will not recognize the claim of the carriers—which have performed under orders which were established after due process, and which have, in certain instances, resulted in earned subsidies—is not to me at all in accord with the principles which the Senator really seeks to serve.

What the Senator wants to do is to change the law, and I submit he is not

taking the appropriate procedure at all to accomplish that result.

Mr. President, I yield the floor.

BIG FOUR MEETING AT GENEVA

Mr. McCARTHY. Mr. President, recent foreign policy developments have convinced me that the administration is fashioning the free world's worst defeat since the end of the Second World War. I have some words to say about these developments which I hope may be useful.

I shall be speaking mostly about the forthcoming Big Four meeting at Geneva. But what I want to emphasize is attitudes, not events, not the administration's acts and statements, but the complacent and visionary thinking the administration is encouraging—a mental atmosphere every bit as lethal to the free world's cause as an atomic fallout is to the tissues of the human body.

I have done my very best over the past weeks to understand the reasons for the dramatic turnabout in American policies. I might say, without pleading superior wisdom, that recent Soviet moves are frighteningly easy to understand. Researching American foreign policy is infinitely more taxing: Those chaotic sentences that are uttered at Presidential news conferences—which even Mr. Haggerty's editors are hard pressed to pound into a semblance of order—and the attempts of the Secretary of State to translate strategic concepts into chummy commonplaces, are formidable barriers to finding out what American policy is, let alone the reasons for it. But, if pressed, the struggle can be rewarding, and I think the answers come out pretty much like this:

The administration's present foreign policy is to cooperate in the current Communist peace offensive by having this country play the role of straight man for the Soviet Union. And the marginal reason for adopting such a policy is that the administration has a hunch that international communism no longer insists on conquering the free world.

I think it a fair statement that when the Eisenhower administration took office, it accepted, as a matter of course, the assumption that communism was irrevocably committed to rule the world. I think it is also a fair statement that 90 percent of the American people still entertain that assumption. It was and is an assumption that fully accommodates—in fact, anticipates—periodic switches in Soviet tactics within the framework of unswerving Soviet aims. I submit, Mr. President, that the present administration position is absolutely incompatible with the assumption of Communist implacability.

The administration is advising the American people that we may be witnessing a turning in the tide of history; it is telling us that the policies of strength and firmness are beginning to pay off; that the Soviet Union may—now—be feeling that it may be more convenient for them to conform to some of the rules and practices of a civilized community. In a word, the administration is saying that communism may have changed its mind about ruling the world.

Of all the administration's reversals and contradictions—which it has managed to bring off at the rate of about two a month since it took office—this altered estimate of Soviet intentions and strategy is, far and away, the most significant. Past reversals have had to do with tactics; this one involves a change of outlook and implies changes in our fundamental strategy. This one is indeed historic, and it may be fatal as well.

Mr. President, you may feel I am wrong in calling this a new policy; and you may cite the administration's past truck with the concept of coexistence. But I believe that the phrase "peaceful coexistence" was originally, in administration usage, a mere propaganda slogan—designed to placate our alleged allies. It is now clear, however, that the administration has, in Mr. Dulles' phrase, "got religion," and is a firm believer in the concept. The Big Four conference is no mere expedient for the Eisenhower administration. While the British elections may have influenced the timing of the invitation to the conference, it is now clear that the administration actively desires a meeting at the summit and earnestly expects it to be rewarding. This signal fact—that the administration believes we can profit from negotiations with Communists—is the true measure of the new and terrible trouble we are in.

I repeat, Mr. President: This signal fact—that the administration really believes we can profit from negotiations with Communists—is the true measure of the new and terrible trouble we are in.

Now it ought to go without saying that our previous assumptions about Communist implacability are still valid—that neither verbal arguments nor "positions of strength" will permanently distract the Communists from their ultimate goals. But in the light of recent statements about the "coming of new dawns," I suppose this had better be spelled out.

Let me cite a speech delivered by Dmitry Manuilsky in 1930 to the Lenin school of political warfare. I do not use the speech to prove a point that any informed student of communism regards as quite beyond dispute; I use it because it states the point briefly and sharply.

This is what he said to the Lenin school of political warfare, and this is still a part of the Communist bible, if you please. He said:

> War to the hilt between communism and capitalism is inevitable. Today, of course, we are not strong enough to attack. Our time will come in 20 or 30 years.

He said that in 1930, Mr. President.

> To win we shall need the element of surprise. The bourgeoisie will have to be put to sleep. So we shall begin by launching the most spectacular peace movement on record. There will be electrifying overtures and unheard-of concessions. The capitalist countries, stupid and decadent, will rejoice to cooperate in their own destruction. They will leap at another chance to be friends. As soon as their guard is down, we will smash them with our clenched fist.

Now I ask you, Mr. President, to weigh this statement carefully—and to note the contemporary parallels that leap out of it. Is it not clear that our generation, in the 1950's, is simply supplying the justification for traditional Communist theory? What is striking here, of course, is not that Communist tactics are unfolding as predicted, but that our reaction to them is precisely as anticipated. And can there be any quarrel with Manuilsky's description of our reaction as just plain "stupid"? I submit that there is not a single event of the past 6 or 8 weeks—which have supposedly been marked by "dawns coming," "suns rising," and "horizons opening up"—that is not fully accounted for by Manuilsky's thesis.

President Eisenhower originally stated—it seems like a very long time ago—that this country was not interested in negotiations at the summit until, among other things, the Communists had proved by deeds that their intentions were "sincere." By "sincere," I take it the President meant "genuinely prepared to abandon their ambitions of world conquest." That was a sound position—and, incidentally, an encouraging one, because it was another way of saying there would be no meetings at the summit until the Communists had decided their job was not to conquer the world. But we are going to have a meeting, and the question that naturally intrudes amid the rejoicing is: Where is the evidence that the Communists may have changed their minds about conquering the world?

The administration, and the President, in particular, cite one event—the signing of the Austrian Treaty. But if the administration really believes this is evidence of Communist sincerity, we need go no further for proof that the creeping madness, that for some time has been gnawing at our foreign policymakers, has finally taken hold. There is not a competent observer in the Western World who does not see in the signing of the Austrian treaty an attempt to woo the German people out of the anti-Communist camp. And if there is in the State Department any alleged expert on the subject who has not advised his superiors that this purpose is there, he ought to be fired from his job. Beyond this, the Austrian treaty fits into the pattern of Soviet overtures to Yugoslav, Japanese, and German leaders—a program destined to soften the West's will to resist at precisely the points in the world where the Soviets hope to make their next gains.

To cull from the signing of the Austrian treaty evidence of Communist "sincerity" is a feat of perversity unequaled since Owen Lattimore asked whether the Stalin blood purges might not, after all, be a "triumph for democracy."

If the President really accepts this patent stratagem as evidence of Communist sincerity, then we must haul out into the open a question that heretofore has been only in the back of our minds—namely, whether the President ever did understand the real nature of the free world's fight against communism.

The President himself raised the issue at a recent press conference. A reporter had asked him why he had changed his mind about a conference at the summit,

and the President's answer, finally, boiled down to this: That he hoped that, as the result of the meeting, "my own mind would be clarified a little bit."

Mr. President, just what is it—and this is a question to which I think the President ought to give a clear answer before he asks the American people to elect him for a second term—just what is it relative to Soviet intentions that he is unclear about? Or, more concretely, what is it he is unclear about that he feels Nikolai Bulganin or, if he is there, Nikita Khrushchev, might clear up?

What is unclear, at the moment, is what shape our impending diplomatic disaster will finally take. There are many persons, some of them in this body, who believe that the precedents for Geneva are Teheran, Yalta, and Potsdam.

This view is shared by millions of other persons in the world who are in the front lines of the battle, and whose very closeness to the danger bids them to keep a wary eye on the lessons of history. They cannot forget that Teheran, Yalta, and Potsdam led to the enslavement of 120 million people in Eastern Europe and 498 million people in Asia. They cannot forget that in the past, world tensions were relaxed by giving control of Poland to the Lublin Communist Government, by delivering Yugoslavia to Tito's partisans, and by serving up Chinese territory to the Soviet Union. Many of the 9 million on Formosa and of the 50 million in West Germany quite naturally wonder whether they will be the free world's next contribution to the cause of world peace.

Are these fears of a repetition of Teheran, Yalta, and Potsdam justified? Or are we entitled to think that this time things will be different? Obviously, nobody can say for sure what agreements will be reached at the conference. Only time will tell whether we shall make actual territorial concessions to the Communists. But I can tell the Senate this much: Regardless of whether we give away physical territory, the cause of freedom will suffer a serious setback at this Big Four conference. Whether it is tangible things, such as territory and people, or intangible things, such as propaganda gains, the Soviets will pull in all the chips—not because the administration will deliberately throw the game, but because it has agreed to play with a deck that has been stacked against us.

Apparently the President agreed to the conference with the best intentions, but we know that such intentions pave many roads, some of which do not lead to heaven. This road is headed straight the other way, and there are three arguments—as I see the situation—that make this verdict difficult to question.

First, let us consider the probable agenda of this conference. According to the President, we are going to try to "relax world tensions."

But where are the areas of tension in the world? Are they in places controlled by the Communists? Is the world at the moment holding its breath over who will rule the mainland of China? Is the world anxious about the disposition of Poland or Czechoslovakia or Hungary? Are these the places where the cold war is being fought? Obviously not, Mr. President. The Secretary of State has recently ventured a few stop-loss remarks about our concern for the satellite countries, but the administration is careful not to press the point. Dutifully observing our commitment to peaceful coexistence, we have, for all practical purposes, conceded those countries to the Communists.

Then where are the tensions we are going to relieve? Is it not perfectly clear that they are in the Formosa Straits and in West Germany? The tinder boxes of the world are now, as always, places the free world controls. This is the first lesson to learn about negotiating with the Communists while we are committed to a policy of coexistence. Let me put this thought a little differently: Because communism is inherently acquisitive and because the free world is committed to living peacefully with the Communists, it follows that the negotiable areas of the world are those which the free world dominates and to which the Communists lay claim. A corollary implication of coexistence is that areas under Communist domination can be longed for by the free world, but they cannot be negotiated about. If we want to make deals, it is in the frontier areas of the free world that we have to make them. This is what the men who share my views on foreign policy mean when they say, "We are fighting the cold war on Communist terms." This is why they ask, often wearily, "Will we ever learn?"

History, I think, bears us out. Ten years ago, at the time of Yalta and Potsdam, the tensions between the Communists and ourselves were in Poland—where the free Polish Government-in-exile was trying to reestablish control; in Yugoslavia—where the Chetniks were fighting Tito's Communists; and in China—where Chiang Kai-shek was defending his country against Mao's Communists. In each one of these places, Mr. President, we "relaxed the tensions" by giving the Communists all or most of what they wanted.

Two years ago, the area of tension was Korea. Our Army was in a strong position, poised to strike out for the Yalu. The Communists requested negotiations. So we obliged, and granted them a truce—thus surrendering our military advantage.

One year ago, the area of tension was in Indochina. We negotiated at Geneva, and ended up handing over all of northern Viet Nam to the Communists.

Today, there is every sign that history will repeat itself—as it always will while we fight on Communist terms. The headlines in the press afford a reliable indication of the subjects that will come up for discussion at the Big Four conference. The news stories are about Formosa and about West Germany. And the columnists speculate, quite naturally, about how the Big Four will settle those problems. But what the press does not make sufficiently clear is that this means we are to talk about, not Communist territory, but the Free World's territory; not about what we may get, but about what we may give away.

If we continue this way much longer—dealing on Communist terms—the day will soon come when our leaders will sit down with the Communists only to discover they have nothing left to give up.

Let us now turn to the second argument. Let us assume that in exchange for a concession or two by the Free World, the Communists give us something in return. This is what some who favor negotiations with the Communists expect to happen. And they ask, "What is wrong with that?" They argue that mutual concessions—a little "give and take"—will let off the pressure in the hot areas of the cold war. This is presumably what President Eisenhower meant when he said he would be willing to meet the Communists "half way."

What sort of "give and take" should we expect? In return for our surrendering Quemoy and the Matsus and our promise to prevent Free China from attempting to recapture the mainland, the Communists may agree to a cease-fire in the Formosa Straits, and they may even promise not to try to take Formosa by force. In Europe, in return for our agreement to slow down on German rearmament and thus "neutralize" West Germany, the Communists may agree to cut down the East German "police force," so-called, and to neutralize East Germany. There may even be some deal for the unification of Germany—a "neutral" Germany.

To be sure, the Secretary of State has disavowed any intention of agreeing to a "neutral belt" in central Europe. But Senators will recall that a little over a year ago, Mr. Dulles was resolutely assuring the country that Indochina would be defended, only to have the ground cleanly cut from under him by the British, the French, and finally by the President. Moreover, at a recent press conference, the President brought up, on his very own, the subject of a neutral belt in central Europe. Even more important; whether we will it or not, our talk about "new dawns" may well create pressures on behalf of German neutrality that will prove irresistible, even by the sturdy leadership of Chancellor Adenauer.

Let us face it—the principal reason West Germany is now in the Western camp is its thoroughly warranted fear of a Soviet attack. Remove that fear by creating illusions about Soviet intentions, and we may lose an ally.

And I do not doubt for a moment that the administration will find suitable words for justifying a deal for German neutrality. They will cite reciprocal Soviet "concessions," from which it will follow that Geneva was a great success.

We can see the picture now—a televised meeting at the White House where the returning diplomats, smiling and very pleased with themselves, will report to the Nation that "a hard bargain has been hammered out," and perhaps even the old saw, "We will have peace in our time." They will say that instead of surrendering á la Teheran, Yalta, and Potsdam, we have shrewdly "horse traded" with the Communists.

Some horse trade. Some horse trade, Mr. President. Yalta was a horse trade, too. At Yalta, in return for our agreeing

that Poland should be organized by the Lublin Communist government, the Communists agreed to hold—and I quote from the Yalta Protocol—

free and unfettered elections as soon as possible on the basis of universal suffrage and the secret ballot.

"As soon as possible," they said. That was 10 years ago, and still there have been no elections.

At Yalta, in return for our agreement to give Tito a free hand in organizing Yugoslavia, the Communists agreed to form a coalition government with non-Communists "who have not compromised themselves by collaboration with the enemy." The Communists immediately fulfilled that pledge by executing or imprisoning the followers of General Mikhailovitch, who had made the mistake of fighting Communists as well as Nazis.

At Yalta, in return for our handing over portions of North China to the Soviet Union, the Russians agreed to conclude with Chiang Kai-shek a treaty of "friendship and alliance." That treaty was duly signed the following August. It provided in part:

The U. S. S. R. agrees to render to China moral support and aid in military supplies, and other material resources, such support and aid to be entirely given to the national government as the central government of China.

Senators may remember the strong military support the Soviet Union gave Chiang's government during his war with the Chinese Communists.

Russia has nearly always met us, as President Eisenhower says, "halfway"—"halfway" on paper. But Communists, as most people know, don't keep their word. In their textbooks Communists teach that promises should be broken when it furthers the cause of world revolution. Lenin said, "We must, if necessary, resort to lies, deceit and trickery in order to achieve our aim."

I simply do not understand how our leaders can go into a Big Four conference, seeking an agreement with the Russians, knowing that the Soviet Government in its 38-year career has an unblemished record of not keeping a single agreement that it was to its advantage to break.

Let me cite a few examples of how the Soviet Union lives up to its treaty obligations. When we get negotiation fever, we are apt to forget that we are dealing with an international bandit.

In 1932 Russia signed a nonaggression pact with Poland. In September 1939, while Poland's gallant army was engaging the Nazis in the west, Soviet troops smashed across the Polish border.

In 1932 Russia signed a nonaggression pact with Finland. In November 1939, the Soviets invaded Finland, and annexed a huge slice of Finnish territory.

In 1926 Russia signed a nonaggression pact with Lithuania, and in 1932 similar pacts were signed with Estonia and Latvia. In October 1939, the Soviets forced these three countries to sign so-called mutual assistance pacts which compelled them to accept Russian military missions in the teeth of Soviet promises to respect their territorial integrity. Then a few months later the Soviets broke the mutual assistance pacts. In the spring of 1940 the three Baltic nations were incorporated into the Soviet Union.

In 1929 Russia joined in the Kellogg-Briand Pact along with Rumania and, of course, most of the other nations of the world. That treaty outlawed war as an instrument of national policy. In the summer of 1940, however, the Soviets threatened to go to war against Rumania unless she surrendered the provinces of Bessarabia and northern Bukovina. Rumania yielded, and the Red Army marched into the two provinces.

Let us move closer to home. In 1933—when we made the profound mistake of recognizing Communist Russia the Soviets signed with us the Litvinov Agreements which provided, among other things, that Russia would not permit her agents to interfere in American affairs. In July 1935, 2 years later, at the Seventh Congress of the Third International which convened in Moscow, American Communist leaders gave progress reports on the revolutionary movement in the United States.

These pre-World War II treaty violations were only a hint of what was to come after the war, when the Communists were strong enough to press in earnest their imperialist ambitions. In 1950 the House Committee on Foreign Affairs made a study of the subject. The committee found that between 1945 and 1950 the Soviet Union violated 52 treaty obligations. This figure does not include the broken promises of the Chinese Communists and the satellite countries in Europe. It covers only the 5-year period, 1945–1950. Even so, 52 broken pledges constitute quite a record.

It is an unfathomable mystery to me why our Government should want to make an agreement with the Communists when we know—from their teaching and from our experience—that they will break that agreement the moment it stops paying them dividends. So much for the possibility of mutual concessions at the summit.

Let us turn now to the third agreement. Let us assume that we stand firm at the conference, that we make no concessions whatever. This will mean that the conference itself will be a stalemate. That is what still other commentators expect to happen.

Now it is most important to understand that in this situation, too, the free world loses. The Communists are perfectly willing to settle for a stalemate, because they know they can turn it into a propaganda victory for themselves. The Communists have carefully prepared the ground for this conference by having launched in advance a spectacular peace offensive. Their "electrifying overtures"—let us keep Manuilsky's prediction in mind—have persuaded large numbers of benighted souls in Europe and Asia that communism has changed its mind about conquering the world; and the Communists have built up the Big Four conferences as the place where they will prove their peaceful intentions.

The stage is thus set for the Communists to propose a "neutral belt" in central Europe and a "cease-fire" in the Formosa straits. If the West is sucked in, well and good for the Communists. But if not, the West can be made to look unreasonable. We will appear to be the obstructionists. Either way, the Communists win. It will not matter that we in America know the truth—that we appreciate what the Communists are up to. The point is that the neutralists have already been half-way hooked by Communist peace propaganda, and they will conclude that our refusal to cooperate means we are blocking world peace.

Let us not be put off by the argument that we would also appear uncooperative by not agreeing to a meeting at the summit. It is one thing to quietly refuse to be seduced by Communist blandishments—as we were doing up until 6 weeks ago—and quite another thing to get ourselves up upon a floodlighted stage and proclaim to the world that although we believe Communist intentions may have changed, we refuse to let them prove it.

Far better that our diplomats stay at home and make the Communists prove by deeds that their intentions have changed. By meeting them at the summit, we simply present the Communists with a sounding board off which their false peace propaganda can reverberate throughout the world.

Let me now briefly summarize the reasons the Big Four meeting is bound to benefit the Communists. No. 1, we are going to negotiate about areas the free world now controls, we are going to talk about what we may give away, instead of what we may get. No. 2, even should we get reciprocal concessions from the Soviets—a quid pro quo—we know they will not keep their half of the bargain. No. 3, even if there are no concessions, we will suffer a crushing propaganda defeat by appearing to be uncooperative—by refusing to act upon our own advice to the world that Communist objectives may have changed.

This is why I say the President has agreed to play with a stacked deck. This is why the decision to meet the Communist leaders at the summit is a tragic blunder. Like Teheran, like Yalta, like Potsdam, it will be a thumping Communist victory.

Now what to do? I hesitate to criticize the administration without offering a constructive alternative—which, to meet the immediate needs of the moment, is this: Announce to the Kremlin leaders that we have decided to be more specific about the Geneva agenda. Advise them that we are prepared to talk about the liberation of the countries now held captive by Communists—and nothing else. Advise them that there will be no discussion of neutrality for Germany, no discussion about a cease-fire in the Formosa Straits, no discussion about paring down the nuclear arms superiority the free world now enjoys. Such an announcement will call the Communists' bluff—and would, of course, torpedo the Big Four conference. But the free world's chances of ultimate victory would be inestimably advanced. The neutralists will be grossly offended, but this would be more than offset by the new heart we would give the captive peoples, and to those hard anti-Communists who are still unchained, but who are wearying of further resistance.

Most important of all, we would demonstrate that at last we have learned how not to fight communism, and this is the first step forward.

We cannot coexist with communism. Coexistence with communism is as plausible as the theory that cancer and healthy tissue can subsist side by side in the human body.

We cannot meet Communists halfway. They do business only on their side of the street.

We cannot satisfy Communists by serving up just one more morsel. Their appetite grows with eating.

These truths about communism are as valid when the Russian Bear is simulating slumber as when he is baring his fangs. Today the world has been lulled into a false sense of security by Communist peace overtures. It follows—not that the world situation has improved, but that it is more dangerous than ever before. When we turn a receptive ear to these illusory offers, it is a sure sign that the peril has deepened.

In 1898 Rudyard Kipling wrote a stanza that might well be framed over the desk of every State Department officer—and, indeed, in the White House itself—

When he shows as seeking quarter,
With paws like hands in prayer,
That is the time of peril—
The time of the truce of the Bear.

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

Mr. KNOWLAND. Will the Senator withhold his suggestion?

Mr. McCARTHY. I am glad to do so.

Mr. KNOWLAND. Mr. President, I am sorry I was not in the Chamber to hear all the remarks of the Senator from Wisconsin. However, I would not want this opportunity to pass and, by acquiescense at least, appear to give the impression that I subscribe to his point of view that the only negotiations which are to be conducted at the Geneva conference will concern not what we get but what we give away. I will say to the distinguished Senator from Wisconsin that I have seen no indication on the part of either the President or the Secretary of State that that is their position. I have seen no indication on the part of the Government of the United States that we would agree to or would support the neutralization of Germany. To the contrary——

Mr. McCARTHY. May I interrupt the Senator at that point?

Mr. KNOWLAND. I should like to finish my statement first. To the contrary, the recent visit of Chancellor Adenauer—and I have the same high regard for the Chancellor the Senator from Wisconsin and other Senators have—was to make very clear to the entire world, both the free world and the Communist world, that the neutralization of Germany was not to be bargained for at the Geneva meeting.

I do not believe we are bankrupt in our negotiating power. On the contrary I believe we have an opportunity to cause some grave concern to the Soviet world.

The Senator from Wisconsin has quite properly set forth that in the past three decades the Soviet Union has violated every agreement it has entered into, with the exception, perhaps, of 1 or 2 agreements, which were to their interest to uphold. However, I submit to the Senator from Wisconsin that the Secretary of State, with his broad background and experience, and the President of the United States are fully alive to the fact that the Soviet Union has violated those agreements. It could well be that the Soviet Government might find itself in a most difficult position if the free world took the position that the Communists should first live up to agreements which called for completely free elections in Poland, and perhaps that initiative could be taken by the free world at the Geneva meeting.

It might also be pointed out to the representatives of the Soviet Union that if there is to be a real relieving of the tensions of the world the abolition of the Cominform is essential, not in the way they abolished the Comintern and then used the Cominform to accomplish the same purposes, but by renouncing the doctrine of world revolution, because, so long as they treat that doctrine as the gospel and so long as the representatives of their Government maintain it, there are likely to be tensions throughout the world.

Perhaps the good faith of the Soviet Union should be fully explored by ascertaining whether the leaders of the Soviet Government are prepared for such a renunciation.

I think there are many things the representatives of the United States and the other free world representatives might do at the Geneva meeting. I do not say to the Senator that I would not be just as much concerned as he is if the outcome of the Geneva meeting should be another Yalta, another Teheran, or another Potsdam, but I am not willing to take the defeatist position that that would necessarily be the case. I think the representatives of our Government are fully alive to the grave consequences which accrued from those other meetings.

I am sure the President of the United States, the Secretary of State, and their advisers are going to do everything possible to protect the vital interests of this country and of the free world, and I hope the precautionary note which the Senator has sounded does not indicate that he feels it to be inevitable that the same kind of result will follow the Geneva Conference as the other conferences produced.

Mr. McCARTHY. I think the Senator and I are not too far apart in our thinking when he points out that past agreements with Russia have served the purposes of the Russians. This much we can agree on. But I think the Senator is indulging vain hopes when he suggests that now there might be some way of persuading the Communists to renounce their objective of world conquest. We entertained such hopes before, to our sorrow. The Communists said, in 1933, that there would be no more activities in the United States in connection with international communism. The concessions we made in the Litvinov agreements indicate we believed them. In 1935 Communist leaders in the United States gave a report on the progress they were making toward bringing about revolution in this country.

I had thought the Senator agreed with me that, as of today, the lesson of the Communist bible is, "We will conquer the world by whatever means may be possible."

Keep in mind that the Communists said in 1930, "We will make overtures; we will persuade the captalist countries we want to be friends, and they will go along with us and cooperate in their own destruction." That picture is accurate. The Communists are acting as anticipated. There is nothing to indicate that the Communists have changed their minds regarding world conquest. And we are acting as anticipated. I ask the Senator to keep in mind that the Geneva meeting will not deal with freeing Poland or any of the other nations that are now under Communist control. The negotiations will deal with areas under the control of the free world.

Mr. KNOWLAND. I think the Senator is assuming something that is not in evidence. To the contrary, the Secretary of State made it clear some time ago that he expected to raise the issue of the so-called satellite captive states of Eastern Europe. I have no reason to believe that that issue will not be raised, and very directly raised.

I will say to the Senator that throughout Europe and, to a considerable extent, in this country, and perhaps throughout the world, both among the free nations and neutral nations and some of the Communist nations as well, there has been a hope that some honorable basis for peace might be found. Certainly, I think none of us is so naive as not to recognize the fact that there are certainly obstacles in the way of finding a solution. But the President of the United States, with a great desire for, not peace at any price, but peace with honor, felt it was desirable finally to sit down for a preliminary exploration, but not in the expectation that the problems would be solved at one sitting—which was the great fault of the Yalta, Teheran, and Potsdam Conferences, where it was attempted in 4 or 5 days to settle all the problems then and there.

Since those conferences, as the distinguished Senator so well knows, there has come into being a vast new force in the world in the form of atomic energy. While offering tremendous possibilities for the peaceful development and improvement of mankind, atomic and hydrogen weapons also have great potentialities for destruction. This is known to the people of the United States and to the people of the free world, and I have no doubt it is also known to the people of the Communist world.

The one factor to which I think perhaps the Senator has not given sufficient attention—and I say it most respectfully—is that so far as the rulers of the Kremlin are concerned—and I think the Senator is quite correct when he says they have not changed their basic concept—after all, there are 200 million people within the Soviet Union itself. I have believed for a long time that in the event of aggression on the part of the Soviet Union we might find some of our

stoutest allies behind the Iron Curtain as well as in front of it, not only in satellite states, but even in the Soviet Union itself, because the Russian people were, in fact, the first victims of the most Godless tyranny the world has ever known.

There have certainly been indications of a certain degree of restlessness in the Soviet Union. We know they are having some problems in agriculture. We know they are having some very serious problems in the production of consumer goods. Under the Malenkov temporary ascendancy in the Kremlin, they have shifted to consumer-goods production; but when Khruschev rose to power, they went back, so to speak.

A dictatorship so tight as is the Russian dictatorship must pay some attention to the great mass of Russian people and other peoples who are incorporated into the Soviet Union. For this reason, we may be in a position, not as the Senator fears, of always giving and yielding, but we may be in a much stronger position to insist upon their living up to their past agreements and placing the responsibility directly on the clique in the Kremlin. If the conference breaks down, it will be because they have not been willing to give up their doctrine of world revolution, but insist on a world-revolution doctrine which by its very nature is bound to keep tensions alive in this atomic age.

I speak not in any manner as an official representing the Government of the United States, but merely as one Senator who has been concerned about what has happened in some of the past conferences, but who has great confidence in President Eisenhower and Secretary Dulles. I do not believe we should take the pessimistic viewpoint that nothing but defeat can come from the Geneva Conference. I think it will afford great opportunities. I would be critical if another Yalta should develop, and I would not hesitate to express my viewpoint, but I believe that when this opportunity is presented we should not in advance concede defeat.

Mr. McCARTHY. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. McCARTHY. The Senator from California has never before been accused of being naive. He is a good, hard thinker, and I have great admiration for him. But when he suggests that by negotiation we might get the Communists to abandon their bible, which calls for world revolution, which is the heart and soul of communism, or that President Eisenhower can persuade them to abandon their bible, he would certainly appear to be naive in the extreme. As a matter of fact, the Kremlin leaders have just announced——

Mr. KNOWLAND. I did not say they would abandon it. I said that issue could be presented very directly to them.

That is one of the great factors which are causing tensions in the world today. As long as that approach exists within the Soviet Union, the tensions will be most difficult to relieve. I think if that issue can be clearly drawn—I did not suggest that the Soviet would abandon it; I suggested that if they refused to abandon it, there would be an effect on the 200 million people in Russia, who are governed by a handful of Communists who alone possess that doctrine, rather than the Russian people—we might have an opportunity to gain a great moral victory; and there is no telling what the ultimate repercussions might be behind the Iron Curtain itself.

Mr. McCARTHY. The Communists will not tell the world or, specifically, the captive peoples to whom the Senate refers, "We refuse to abandon our goal of world revolution." They will go on saying, even after Geneva, that peace is their aim. They will not admit that their traditional ambitions are unchanged, an admission the Senator apparently feels we can force them to make at Geneva.

I had thought the Senator from California would agree with me that there is not 1 chance in 10,000 that Dulles, Eisenhower, or anyone else can persuade the Kremlin to change the course Marxists have been following since 1848. It is a course that has been pursued right down the center for 107 years. It is the path to world revolution. The goal has been reaffirmed many times: By Lenin in 1917, by Stalin in 1947, and by Malenkov less than a year ago.

I am glad to note that the Senator is now hopeful about the situation. It is encouraging to know that someone is hopeful.

Now, as I was about to say: The Senator stated that Mr. Dulles said the question of the satellite countries would be brought up at Geneva. But does not the Senator know that immediately after the Secretary made that statement the Kremlin announced that the subject of satellite countries would not be on the agenda; that the Soviet Union would not discuss the satellite countries? That must be kept in mind. The Kremlin has said the subject of the satellite countries will not be on the agenda.

I wonder if the Senator from California will not now agree with me, by process of elimination, that the only areas that will be discussed will be those controlled by the free world. We shall be discussing only the areas we control—in other words, what we can give away to satiate the hunger of the Bear, and with these rules, we are bound to lose.

The Kremlin leaders will stay in the Conference only so long as they can discuss something the free world controls. That is exactly what they have said. That being their position, why does it not, as far as we are concerned, knock off the Conference instanter?

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

Mr. McCARTHY. I yield.

Mr. THYE. I wish to associate myself with the remarks of the minority leader. I think they were timely, because were we ever to deny ourselves the opportunity of sitting in a conference with the Russians, Great Britain, and other nations, we would at the outset be closing the door against any possibility of negotiating toward world peace.

Only one other course is open and that is for this Nation to bring up its military strength to a position sufficiently large and sufficiently potent so that we would have the upper hand if and when a conflict came.

Within the next 2 or 3 days the Senate will be debating the Defense appropriation bill. When we get into that subject, Senators will understand the potency of what is sought to be done along the lines of national defense. Let us pray to God that we will never use it in conflict.

If we were to foreclose the opportunity of ever sitting down in a conference with other nations, no other avenue would be open except to prepare for an all-out shooting war.

Therefore, I associate myself with the remarks of the minority leader. I do not think this Nation is so naive, with respect to political conferences, that we need to say at the outset that we expect to be defeated in such a conference or that we shall be negotiated out of any advantage either in political propaganda or in the Nation's prestige, with respect to what we set forth as being necessary to protect the peace of the world.

I think we have observed in recent months a fear on the part of the Soviet Union that they are losing position in the world. They have lost it at least in Western Europe. They went to Tito and begged Tito's assistance. They made themselves most receptive in their conference with Tito. Before that time they had threatened all manner of repercussions, economically and militarily, if they had not succeeded with Tito.

We have seen Austria given its independence. We have observed a sort of peaceful situation developing in the Formosa area.

I believe that a conference attended by Secretary of State Dulles in the so-called diplomatic field, and by the President with the leaders of other nations, including those of the Kremlin, may have a very salutary effect not only upon the Russian people, but also upon the rest of the people of the earth, who are hoping and praying for peace.

For that reason, I commend the minority leader for having spoken in the Senate in defense of the possibility of gaining something from such a conference, rather than to say that such a conference would be useless, and that we must not take part in it for fear that we would then permit the Russians to take advantage of us, propagandawise, as well as by negotiating us out of what we may already possess in Western Europe or in Asia.

Therefore, I must disagree with my colleague, from my sister State of Wisconsin. I believe we must look toward taking part in the conference. I believe we possess the ability to achieve the advantage. President Eisenhower and Secretary Dulles have not yet failed us in any international conferences; I do not believe they are likely to fail us in the coming conference.

Mr. McCARTHY. While the Senator from Minnesota is an expert on some subjects, such as agriculture, he has demonstrated complete ignorance of communism, complete ignorance of the Communist world movement.

Mr. THYE. Mr. President——

Mr. McCARTHY. Just a moment. Let me finish.

The Senator talks about the possibility that the Communists may be giving up their idea of world revolution. They have a record of having pursued that goal for 107 years.

In 1848 Karl Marx declared war against the world. At that time he said it was necessary to have a bloody revolution in all countries except the United States and Great Britain. In 1914 Lenin restated the Marx position. He said that while Marx was right in 1848 about there being no need for bloody revolutions in the United States and Great Britain, nevertheless, in 1914 changed conditions had made it necessary to have bloody revolutions in all areas of the world. In 1947 Stalin reaffirmed that position. Malenkov reaffirmed it less than a year ago.

Dmitry Manuilsky, in 1930, speaking to the Lenin School of Political Warfare, also had something to say about this—and it is still a part of the Communist bible. I ask the Senator from Minnesota not to let his wishful thinking blind him, and not to let his statement blind the American people. Manuilsky said:

> War to the hilt between communism and capitalism is inevitable. Today, of course, we are not strong enough to attack. Our time will come in 20 or 30 years. To win we shall need the element of surprise. The bourgeoisie will have to be put to sleep. So we shall begin by launching the most spectacular peace movement on record.

I repeat that last sentence:

> So we shall begin by launching the most spectacular peace movement on record. There will be electrifying overtures and unheard-of concessions.

I hope the Senator from Minnesota is listening carefully.

> The capitalist countries, stupid and decadent, will rejoice to cooperate in their own destruction. They will leap at another chance to be friends. As soon as their guard is down we will smash them with our clenched fist.

Manuilsky might have been on the Senate floor today saying that. If he were, perhaps the Senator from Minnesota would realize that Manuilsky is talking about him—is predicting his reaction. When you come down to it, is not the Senator counseling us to "leap at another chance to be friends"?

Mr. THYE. Mr. President, the Senator from Wisconsin is absolutely correct when he says I have had no association with communism. He was never more right in any statement made by him than he was in that one.

But I still have confidence in the ability of Secretary of State Dulles and of President Eisenhower to sit down across a conference table with any group.

I care not whether it be the present-day Kremlin or tomorrow's Kremlin—because they have never shown weakness, and they do not show weakness, in my humble opinion.

For that reason, I say I care not what was written in ancient history. The prophets of ancient history told us the world was going to come to an end. In my own span of time I have known those who prepared for the world's end. They were proved to be in error. The Kremlin may be in error, but if we are going to give credence to their prophecy and be fearful of participating in a conference because we might show the softness which they predicted the capitalistic world would show in good time, the only course remaining to us would be to fortify this Nation and dig burrows all over the countryside, into which we may dive if and when they attack us.

I do not take that attitude. I believe the people of this earth will find a way to bring about permanent and lasting peace in this atomic age, because I think the Soviets are smart enough to know what the atomic bomb will do to them, and I think we are smart enough to know what it will do to us. I say I have confidence in Secretary of State Dulles and in President Eisenhower when they sit at any conference table. I believe we will not be placed in such a disadvantageous position that strategic benefits will not accrue to us from such a conference. I think the conference will be timely.

Mr. McCARTHY. The difference between the Senator and me is that he believes the decision to confer at the summit, under the terms that have been announced by the Kremlin, is evidence we are not acting in a way Manuilsky predicted we would act, and I believe the decision is a clear vindication of Manuilsky. What does the Senator think we are going to negotiate about? The Kremlin has said, "We will not negotiate about any of the areas we hold." They have therefore said, in effect, "We will negotiate only about your areas." Now what does the Senator think we will negotiate about?

Mr. THYE. Mr. President——

Mr. McCARTHY. Will the Senator try to answer that question specifically? What does he think we will negotiate about?

Mr. THYE. We will negotiate about the things about which we want to negotiate. If the Kremlin says that is out of order, the world will know they do not want to be fair and meet with us on equal terms.

Mr. McCARTHY. We do not need to wait to learn what they will say. They have already said it. They have already said, "We will not negotiate about any of the areas we hold." Therefore, it means they will negotiate only about our areas. Does the Senator favor that type of negotiation? I am curious to know whether the Senator does or not.

Mr. THYE. I am confident that a meeting with them around a conference table would be much like a conference between the Senator and myself. As of this moment I say one thing; and the Senator from Wisconsin says another. It is up to the public to judge whether they want to listen and believe the Senator from Wisconsin, or whether they want to listen to the philosophy I have advocated and believe me. It would be difficult for the Senator and me to determine which one of us would be most believed. So far as the listening public of the world is concerned, it will have to listen to what the Soviet says, both over the radio and as appears in the press. I trust Secretary of State Dulles and the President, and believe they will leave just as good an impression upon the world at such a conference table as will the Soviets. They will be judged just as the Senator and I will be judged by those listening to us or reading what we have said.

Mr. McCARTHY. The Senator has not answered my question.

Mr. THYE. The Senator from Wisconsin has one opinion and I have another.

Mr. McCARTHY. But I am asking the Senator's opinion. I am asking him what he thinks we will negotiate about, what we can negotiate about, when the Kremlin has said, "The Soviet Union will not negotiate in regard to any areas which it holds." And since I am having some difficulty getting the Senator's opinion on that question, I will phrase it a little differently: Does the Senator favor negotiating away the positions of the free world; or does he think, if negotiations are to be acceptable, we should negotiate about some of the satellite countries, too?

Mr. THYE. The Senator is bringing up minor facts.

Mr. McCARTHY. Minor facts? My God, man.

Mr. THYE. The Senator is bringing up only one phase of what might be discussed in such a conference. There are numerous matters which could be discussed at such a conference. At that conference the South Pacific area could be discussed. The conferees could discuss the question of East Germany being joined with West Germany. They might have the opportunity to discuss Poland's independence and its reestablishment as a sovereign nation.

Mr. McCARTHY. But the Senator is living in a dream world, in which, I admit, he has some company. The Communists have plainly said——

Mr. THYE. There are numerous questions which could be discussed other than the question the Senator has raised.

Mr. McCARTHY. But the Senator must get out from under this false impression. The Soviets have said, "There will be no discussion of areas we hold." And yet the President is still going to Geneva.

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

Mr. McCARTHY. I yield.

Mr. KNOWLAND. Merely because the Soviet Union has said that in the statement, which I think all of us saw recently, I do not think they are going to be able to write their own ticket. I do not believe the Government of the United States or the representatives of the other free nations have put themselves in the position or will put themselves in the position of allowing the Soviet Union to write the agenda as to what is going to be discussed.

As the President himself pointed out in his press conference, he does not visualize that the meeting at the summit will necessarily be a meeting which will solve all world problems. But it is believed that the conference will be of some value to the Government and the people of the United States, and to the government and the people of other countries in the world. There may be an honest difference of opinion about it, but at least there will be some value in discussing the situation with those who are

presently in positions of responsibility in the Soviet Union.

When the Senator from Wisconsin says, as he indicated in his speech, that all the conference will discuss will be those issues in which we will give something, and will get nothing, I do not agree that necessarily follows. I certainly hope it will not follow, for it would be tragic if it should. I am not willing to write off either the capabilities, or the patriotism, or the devotion to duty of the President and the Secretary of State, and to assume that they are willy-nilly going to let the Soviet Union write its own ticket. Knowing both men, I am sure they are just as firm in their belief of the importance of maintaining a free world of freemen, and of having peace with honor, as distinguished from peace at any price, which would lead to appeasement, as is the Senator from Wisconsin, or the senior Senator from California, or Senators on the other side of the aisle, or Senators on this side of the aisle. I think we Americans are alert to the danger. Senators are all knowledgeable persons. We all know what tragic consequences grew out of previous conferences. None of us wants a repetition of that type of situation.

I am not willing here and now, before the conference has even met, to say that nothing can come out of it but a Soviet victory. I say there is an opportunity, if the opportunity is followed, and if our allies will stand firm and not go into the conference in an appeasement frame of mind, to put the Communist world on the defensive, and to raise such issues that the 200 million persons in the Soviet Union may hold strictly accountable the men who temporarily rule in the Kremlin.

I do not disagree with what the Senator from Wisconsin has said about Soviet doctrine and policy in the past. We must keep that in mind. I do not disagree with the Senator from Wisconsin when he points out that the statements of Marx were repeated by Lenin, Stalin, Malenkov, Khrushchev, and by other persons who are temporarily in power in the Kremlin; but I do say the people of Russia itself have been the first victims of the most godless tyranny the world has ever known.

For the first time in history, today we know that there is available a destructive power which can wipe every nation off the face of the earth. The choice can be put up to the negotiators of the Soviet Union that there will continue to be this tension in the world so long as their rulers follow the policy of world revolution, and of destroying countries outside the confines of Mother Russia; and if they were not prepared to give indications, which can be checked, to show they intend to abandon that policy, there can be no relief of that tension.

If such a conference should then fail, it may well be that there is a force, a section, or a group within the Soviet Union who could take additional action. I admit that is only a hope. I do not contend that the present rulers of the Kremlin may not be willing to agree, even in the face of the consequences, but I do say to the Senator there are many ways of inviting them to live up to an agreement to permit free and open elections, and to say to them, "What good is your agreement unless you live up to the past agreements which you have violated?" They can be put on the spot, and we do not necessarily have to concede a defeat, even before we begin.

Mr. McCARTHY. Mr. President, when the Senator from California says the Russians cannot determine what the agenda will be, I believe he is in error. I believe that if he will consider the matter a little further, he will realize that his error is self-evident. If the Russians say they will not discuss any area they hold, they will simply refuse to discuss it, and then it will not be included in the agenda—just as if we were to refuse to discuss Formosa, it will then not be discussed, and will not be on the agenda.

So let us face this harsh fact: that no territory the Communists hold will be discussed at the meetings because they will not be willing to discuss it, and will not discuss it. Instead, by process of elimination, the discussion will be about territory we hold. And if there is a fallacy in my argument, which the recent Kremlin announcement does not let me believe is there—even, I say, if the Communists make some concessions, we must realize that their entire history shows that they keep no agreements they do not wish to keep. They will not keep an agreement if it serves their purpose to break it.

Therefore, why attend the conference? The Senator from California speaks about putting the Communists on the spot at the conference. Well why not put them on the spot now? Why not, as I suggested in my prepared remarks, announce that we insist on talking about the satellite countries? That would really put them on the spot. Let me press this a little further: you might say we made a gesture at putting the Soviets on the spot when Mr. Dulles said we would bring up the satellite countries. But the Communists promptly rejected the suggestion, and that put the free world on the spot. We backed down by agreeing to go to Geneva anyway.

Let me say I had thought all of this was very clear to the Senator from California, and that I am dumbfounded by the reversal of his stand, which was until today, as I understood it, in complete opposition to the Big Four meeting.

Although I confess I get very little satisfaction from it, I nevertheless point out to the Senator that after the conference is over, I believe he will not be happy about the speech he has made today.

Mr. BENDER. Mr. President, will the Senator from Wisconsin yield to me?

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Does the Senator from Wisconsin yield to the Senator from Ohio?

Mr. McCARTHY. I yield.

Mr. BENDER. I wish to say that I think the American people will never cease to be grateful to the Senator from Wisconsin for his dramatization of this whole question and for his emphasis on the need for us to be constantly alert regarding communism.

The time for stopping, looking, and listening to the "siren calls" of the Communists is the moment when they emit sounds like those of the cooing dove. Shakespeare taught us long ago that a man "may smile and smile and be a villain still." Our Communist tacticians are most dangerous when they don the robe of the conciliator and extend the silken glove.

With the release of a token quartet of captured American fliers after 2 years of imprisonment, Communist China has done what should have been done months ago. When the Korean truce was negotiated, every American held by the Reds should have been released immediately. We owe Red China no standing vote of thanks for doing what they should have done in 1953.

Some folks have become so accustomed to the Communist approach that they seem willing to fall over in gratitude for every slight gesture of humanity displayed by the Reds. If an international marauder returns part of what he has wrongfully seized, he is no less a marauder, and we can withhold the applause. The Trojan horse is being trotted out of Peiping. Let us not fall for it.

I think the American people are aware that communism is a force in the presence of which we can never go to sleep. I believe I am correct when I say that at the last session the Congress of the United States voted, by an almost unanimous vote, not to favor the admission of Communist China to the United Nations. At the present session of Congress, one of the noblest things I have seen done—and it is one of the noblest things ever done by any Congress, so far as I know—is its action by an overwhelming majority, in fact, by an almost unanimous vote, in backing the President's position with regard to Formosa.

Certainly we appreciate the fact that there are 2 political parties in our country, and that 1 party now is in control of the administration, and the other party is in control of both Houses of Congress. However, there has been no disagreement among us as regards communism. There is no question that all of us agree that we cannot "get soft" as regards the Communists. All of us agree that the Communists are a menace; and all of us agree—and that is shown by our votes for various appropriations—that our country must remain strong. From a military standpoint, the United States has never been in a stronger position that the one it is in today.

Certainly, insofar as the leadership on both sides of the aisle is concerned, there is support of the distinguished senior Senator from Georgia [Mr. GEORGE], the chairman of the Foreign Relations Committee, who on a number of occasions has declared and proclaimed that any conference is worth holding. I believe in that philosophy. So long as we maintain our strength, militarily speaking, and so long as our people feel as strongly as they do regarding the menace of communism, I believe that we can ill afford, as a Christian nation, to refuse to meet

at the conference table and discuss the affairs of the world.

Mr. President, you can probably list on the fingers of your two hands—without counting thumbs—all the topics the big fellows are going to talk about in the Geneva Conference. Here is a list of ideas they probably will omit, but which would make plenty of good conversation.

First. The people who are held against their will inside the Soviet Union, including folks who claim American citizenship rights.

Second. Ways and means of promoting free travel to all parts of the world, including the Iron Curtain countries.

Third. Free elections in Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, and China.

Fourth. Worldwide inspection of arms production including our own and the Soviet Union's by United Nations experts given freedom to check production of atomic weapons.

Fifth. Invitations by all countries to moving-picture companies to shoot documentary films of life as it is without restriction of subject matter.

Oh, well, we can dream, can we not?

With respect to the agenda at Geneva, or elsewhere, I have no great knowledge. But I have the utmost confidence in the President of the United States. I know of no one who is better informed than he. Likewise, Mr. President, I have great faith in our Secretary of State. He knows what he is doing, and he knows what he is talking about.

Those two men represent our strength; and the Members of both Houses of the United States Congress, on both sides of the aisle, by their votes have given them tremendous support—which has been recognized throughout the world and is felt throughout the world—for both the Democratic and the Republican Members of Congress have united and voted almost unanimously in backing the administration's fight on communism.

I believe that situation is the most wholesome, and I believe that our President can take care of himself at any conference. I have never seen him fail. I have never known him to participate in a conference in which the United States has wound up second best.

Under the circumstances, although I think it is all right for the Senator from Wisconsin to be apprehensive—after all, all of us are likely to be apprehensive about almost any situation—and although I have no criticism of the Senator from Wisconsin for making the statement he has made, yet I wish to say to him, even though I did not hear all of his statement, that I believe sincerely in the integrity of the President of the United States and the integrity of the Secretary of State and the integrity of the United States Congress in their support, which has been evidenced, not only at this session of Congress, but certainly also at the last session, in the case of every vote taken.

Mr. McCARTHY. Mr. President, let me say to the Senator from Ohio that I certainly appreciate his confidence in the President's knowledge of communism. But I remind the Senator that the President does not share that confidence about his grasp of the situation. At a recent press conference, when asked why he had changed his mind about having a conference at the summit—in the light of his previous statement that he did not favor the holding of a summit conference unless the Communists showed they were sincere—the President replied, "I hope that my own mind will be clarified a little." In other words, the President is really not sure what Communist strategy is, and hopes the conference will teach him something about this. I think the President should know that before he goes to the conference.

This is the point I made earlier, in the portion of my remarks I assume the Senator missed. And it is, in part, my answer to the Senator from California and the Senator from Minnesota when they say they have confidence in the judgment of the President. When the President talks about "new dawns" and when he suggests the signing of the Austrian Treaty is evidence of Communist "sincerity," he is simply piling up reasons why we cannot have confidence in him when he meets the Soviets face to face. When the President talks about the coming of new dawn, and the opening up of new horizons, his statements sound like those of Dean Acheson, who used to talk about the dawning of a new day. President Eisenhower refers to "the coming of a new dawn." Dean Acheson made a similar statement at the time we gave away China—not at a conference table, but by sending Marshall there, and instructing him what to do.

Mr. BENDER. Mr. President, will the Senator from Wisconsin yield further to me?

Mr. McCARTHY. I yield.

Mr. BENDER. All of us recognize that the President of the United States is a leader who occupies the highest position in the world. It is proper for him on every occasion to emphasize our concept of the correct relations for us to have with other countries and our concept of our proper place in world affairs. Certainly it is proper for the President of the United States to use the kind of language he uses on every occasion in being optimistic about the result.

For instance, we never stop singing Onward, Christian Soldiers. The second verse of that hymn includes the words:

We are not divided; all one body, we.

Those words express a hope and an aspiration, not a reality. But we are not going to stop singing those words. We love to sing that hymn because we hope that sometime what it expresses will be a reality.

Similarly, we never stop reciting the Lord's Prayer, although there may be some persons—sometimes even Christians—who are not aware of what they are saying when they recite it.

In the same way, we never stop loving the Ten Commandments.

So far as the President of the United States is concerned, it is his job to emphasize the wholesome things in our American life, the wholesome things in furthering which all of us can join, and of which we can feel we are a part.

Certainly the Senator from Wisconsin would not criticize the President of the United States for having made an optimistic utterance. We are optimistic. However, we are realists. We are in a stronger military position today than we have been at any time in our history. I say that so long as we are strong we can afford to meet even with our enemies on occasion, and hold discussions, and make the results of such discussions available to all the American people. I am sure the Senator from Wisconsin, who is a fair man, will agree that he is attributing motives to the President that are wholly out of his mind. I am sure the Senator will agree——

Mr. McCARTHY. Just a moment. I am not attributing motives to the President. I say that he is making a grave mistake. When he says in effect, "I want to go to the conference to learn about communism," that indicated bad judgment. He should know about communism before he goes there. It is not a question of motives. I do not think there is anything wrong with his motives, and I have not in the slightest impugned his motives. However, it is a grave mistake to go to the conference and let the Communists say ahead of time what the agenda shall be. The Soviets have said, "We will talk only about the areas you hold." We should say, "We will not go to any conference if the agenda is to be so restricted—unless we also discuss the satellite nations. We will not go to a conference unless we may discuss what we can get, and not merely what we can give." It is a mistake to go to the conference under such conditions.

Is the Senator aware of the fact that the Kremlin has said, "We will not discuss anything in regard to any of the satellite nations, any of the nations we control"? Is the Senator aware, therefore, that the Kremlin has said, "We will discuss only the areas you control"? If we go to the conference with such an understanding, we are making a grave mistake. We should say, "No, gentlemen; we are going to discuss the satellite nations. We are going to discuss freedom for Poland. We are going to discuss elections in Poland. We are going to discuss elections in East Germany, or we will not go to the conference. We are not going to negotiate on your terms."

The President is going to the conference with the deck stacked against him. It does not matter what one's motives are; if he is playing poker with a deck stacked against him, he will lose, even though his motives are the finest in the world.

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

Mr. McCARTHY. I yield.

Mr. BENDER. I do not know much about poker; but, as I understand the discussion by the Senator from Wisconsin, what he has in mind is to say, "Beware of the Communist Trojan Horse." We are aware of all the motives of the Communists. We know that they come to conferences with unclean hands. Of course the President is aware of that.

Under the circumstances, I am sure the President will be prepared to handle the interests of the United States in world affairs in a manner which will bring great credit to the United States,

and to the whole world, and result in a solution of our problems without the necessity of entering into a bloody war.

No doubt some folks are growing impatient with mere talk. They want more positive assurance than words that the prospects for a "modus vivendi" with the Soviet world are improving. Many of us would like to see a stabilization of the situation in Berlin, an end to the threatening gestures in the Formosa Straits, and some positive evidence of reduced tensions in the Indochina area.

Nevertheless, the visit of V. K. Krishna Menon, who is the major adviser on foreign policy to India's Prime Minister Nehru, and the trip of Chancellor Konrad Adenauer of West Germany to Washington are both signs of a changed world atmosphere. There will be more rather than less conversation from now until the international meeting at Geneva in July. Some common understandings may be possible, but we shall certainly want to know what the Russians are demanding as their "quid" for our "quo."

Years ago, a great diplomat said that there has never been a bad peace or a good war. Every day that we move toward a good peace is a day worth remembering. President Eisenhower is trying to run up a whole calendar of good days.

President Eisenhower has consistently demanded evidence of the sincerity of the Soviet Union before considering any meeting of heads of state. The signing of the Austrian Treaty may well be regarded as providing, at least in part, some evidence that the Russians are prepared to act as well as talk about a lasting peace. It would be foolhardy, however, to believe that the Russian bear is prepared to sheath his claws. No indications of any real change of policy are apparent in North Korea, Indonesia, Red China, and Vietnam.

One of the other major premises underlying an international meeting is the importance of dealing from American strength. We are not going into any conference to betray the Western World alliance, to give up on NATO or the European Army, or the rearming of Western Germany. These are bedrock policies, and they are unalterable. Behind the policies stands the American military machine. Our Air Force must be unchallengeable. Our sea power must be decisive. Our atomic weapons must control the land. Once the Russians understand these facts, we can confer without conceding; we can sit without surrendering. Let us do a lot of listening and little talking this time.

DEPARTMENT OF COMMERCE APPROPRIATIONS, 1956

The Senate resumed the consideration of the bill (H. R. 6367) making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1956, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 7, line 16.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Green	Millikin
Anderson	Hayden	Monroney
Barkley	Hennings	Mundt
Barrett	Hill	Neely
Beall	Holland	Neuberger
Bender	Hruska	O'Mahoney
Bennett	Humphrey	Pastore
Bible	Ives	Payne
Bricker	Jackson	Purtell
Bridges	Jenner	Robertson
Bush	Johnson, Tex.	Russell
Butler	Johnston, S. C.	Saltonstall
Byrd	Kerr	Schoeppel
Carlson	Kilgore	Scott
Case, N. J.	Knowland	Smathers
Case, S. Dak.	Kuchel	Smith, Maine
Chavez	Langer	Smith, N. J.
Cotton	Lehman	Sparkman
Daniel	Long	Stennis
Douglas	Magnuson	Symington
Duff	Malone	Thurmond
Dworshak	Mansfield	Thye
Ellender	Martin, Iowa	Watkins
Ervin	Martin, Pa.	Welker
Frear	McCarthy	Wiley
Fulbright	McClellan	Williams
Gore	McNamara	Young

The PRESIDING OFFICER. A quorum is present.

Mr. O'MAHONEY. Mr. President, it is my understanding that the question before the Senate is on agreeing to the committee amendment which appears on page 7, line 16, and which increases the appropriation for payments to air carriers from $40 million, as proposed by the House, to $55 million, as proposed by the Senate committee, which sum will remain available until expended.

The PRESIDING OFFICER. The Senator is correct.

Mr. O'MAHONEY. I understand the Senator from Illinois [Mr. DOUGLAS] has made some remarks in criticism of the committee amendment. Having been a Member of the Senate when the laws establishing civil aviation were passed, and having been a member of the Committee on Post Office and Post Roads, which took the first steps toward encouraging the establishment of passenger transportation by private enterprise, I have a few historical facts, as I deem them to be, which I believe the Members of the Senate ought to have before them when they consider this amendment.

I believe I am in complete agreement with what the Senator from Illinois has stated. It may be that the committee may have some explanations which would change my mind, but I rather doubt it. I am sure that the Members of the Senate are familiar with the recent report of the Federal Trade Commission on the rapidly increasing trend toward merger in the industrial field. I am sure the Members of the Senate, with few exceptions, know that the concentration of economic power in the United States has progressed to such a degree that the economic government of this country is in private hands, not in the hands of the Congress of the United States, to whom the regulation of interstate and foreign commerce was committed by the United States Constitution.

Air traffic in the United States was initiated by the Post Office Department after World War I. The Government established it as a Government enterprise. We built many planes during World War I and instructed many fliers. These fliers, with their experience and with their war planes, under the management of the Post Office Department, carried the mail across the country. They demonstrated that the transportation of mail by air was feasible. The transportation of passengers by air was not developed because venture capital was not available. The owners of private capital were afraid to invest their money in the building of passenger lines. So the Congress of the United States enacted the law which has finally resulted in the creation of the Civil Aeronautics Board. It has gone through various changes, but the fundamental principle of the law was that the Government would dip its hand into the Treasury of the United States and use the people's money to subsidize the establishment of civil aviation for the transportation of passengers and the transportation of freight.

The original law provided for the granting of certificates of necessity by the authority which was created by the law. It was designed to take the Government out of the business of flying and to put the business into private hands. That was the purpose of the legislation. It was not the purpose of the law, and, in my opinion, no word, no phrase, no sentence, no paragraph of the law can be read to indicate any intent upon the part of the Congress of the United States to give the Civil Aeronautics Board the authority to prevent the expansion of air traffic. Yet, that is precisely what the Board has been doing. Not that air traffic has not grown; it has grown; but the policy of the Board for 15 years or more has been designed to preserve the air over the United States as an element in which only those lines which were existing at the time the law was passed would be permitted to fly. There were 16 trunk lines which were granted certificates of necessity. By the process of merger these lines have now been reduced to 13. They were taking subsidies consistently from the Federal Government, although they were earning profits sufficient to enable them to carry on the industry without the support of the Federal Government.

It is always very difficult, Mr. President, to persuade any private interest to give up a subsidy once it has been granted. If the Congress of the United States is not willing to look at the facts and to end subsidies when they ought to be ended, then the people of the United States will be compelled for years to bear the burden of paying unnecessary subsidies to interests which are operating at a profit. I have no hesitation, Mr. President, in saying that that is the fact which we confront today.

I have hesitated to enter the discussion of this question because during the brief period when I was under leave of absence, so to speak, from the Senate of the United States, I engaged in the practice of law. I accepted a retainer from North American Airlines to represent them before the Civil Aeronautics Board. I have testified with respect to that company and with respect to subsidies before committees of the Congress. I must say, however, Mr. President, that when, last

June, through the development of circumstances, it was clear to me that I was again to be a candidate for the Senate, I severed my connections with North American Airlines. Although I was their attorney last year, I have not been their attorney in any respect since just before I became a candidate for reelection to the Senate in 1954. I rise, therefore, feeling that I am perfectly free to lay before the Senate of the United States the facts as I know them.

North American Airlines was established by some veterans of World War II, some of whom had flown over the Himalaya Mountains; others had flown in battle. After the war was over, they came back to the United States, and the Government of the United States had so much war material, including airplanes, of which it wished to make disposition that some of the pilots sought to purchase Government planes in order to go into the business of air transportation. The idea was so in harmony with the fundamental principles of our Government and of the law under which the CAB exists that the RFC made loans to those veterans to enable them to buy the planes in which they initiated competition with the grandfather lines which have been so diligently protected by the Civil Aeronautics Board. It seems to make no difference whether the Democrats or Republicans are in power, the Civil Aeronautics Association, which is an association of certificated carriers, has carried on warfare against competition in this subsidized field.

North American Airlines pioneered the low-price coach traffic. The subsidized lines never thought of initiating coach travel to invite people with small resources to take advantage of the opportunity to fly. The North American system operating only coach fares and not receiving one penny in subsidy opened a new field in transportation.

Let me repeat, that veterans supported by the RFC, in the first place, flying former Army planes in the second place, which had to be purchased through a loan from the Government of the United States, opened an entirely new field in the transportation of passengers. They were so successful, without a penny of subsidy from the Government of the United States, that they have been engaged in a profitable business. Yet at this minute the Civil Aeronautics Board has before it a punitive proceeding intended to cut the throat of this newly established business which has developed, I think, within the past year, into a $15 million business.

Mr. President, we talk about encouraging small business. We talk about the danger of the concentration of economic power. But when there is a system by which a Federal board, such as the Civil Aeronautics Board, operates in harmony with the subsidized carriers to execute a nonsubsidized carrier, we have one of the most extraordinary examples of what monopoly can do in partnership with government.

I do not challenge the good faith or the patriotism of the members of the Board. I merely say that they have become overawed by the arguments which are made by the huge transport association, an association which, a year or two ago, actually went to the length of providing dinners for the administrative assistants to Members of the Senate, in order to propagandize them upon the issues of the conflict in their traffic. The chief officers in the office of every Senator were invited to those dinners, at which representatives of the transport association told their side of the story.

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

Mr. O'MAHONEY. I yield.

Mr. DOUGLAS. Does the Senator from Wyoming believe that the expenses of those dinners went to increase the amount of mail pay which the Government paid to the airlines?

Mr. O'MAHONEY. No; I do not. I do not believe the administrative assistants to the Members of the Senate were swayed one iota.

Mr. DOUGLAS. No, no. My question was whether the cost of the dinners was charged to the Government.

Mr. O'MAHONEY. I do not know exactly how the transport association is supported. I assume it receives contributions from the subsidized carriers. I think that would be a very natural assumption to make.

The fact is that it became so clear, eventually, that those great lines no longer needed the subsidy, that at the beginning of this administration President Eisenhower issued an Executive order in which he directed that the subsidy pay be separated from the mail pay. The order was issued. To what extent it has been successfully carried out, I leave to the imagination of Senators.

There is nothing which I find in the report or in the bill which indicates how much of the $55 million appropriation recommended by the committee would be applied to mail pay. But in the report of the House committee, which reduced this item from a budget estimate of, I think, $65 million to $40 million, I find this paragraph on page 4:

> Payments to air carriers. The sum of $40 million is recommended for the coming fiscal year for this purpose, a reduction of $8,900,000 below the funds appropriated for 1955, and a reduction of $23 million in the budget estimate. The committee believes that a substantial reduction can be made in payments to air carriers during the next fiscal year if a careful and thorough audit of each claim is made, and if realistic practices in the handling of these claims are followed.

That seems to me to be a pretty sensible statement. There is no declaration in it that if the audit proves that the subsidies are needed, the appropriation will be denied. All of us know that there are numerous appropriation bills—the regular appropriation bills, the deficiency appropriation bills, the supplemental appropriation bills, and bills of that nature—into which it is the common practice to insert items designed to serve the purposes which are set forth here.

I know of no reason why the Senate should not be satisfied to go along with the House, and to hold the appropriation to $40 million until after the audit has been made. I think the effect of doing so will be to make certain that the audit is made; that the facts will be laid before the Senate and House of Representatives; and that we shall know why it is that the Civil Aeronautics Board is pursuing a policy of seeking to revoke the charter of a line which successfully pioneered coach air service, a line which has transported hundreds of thousands of passengers without an accident, against whom there is no charge of violating the safety regulations, but which is charged merely with flying too frequently.

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

Mr. O'MAHONEY. I yield.

Mr. LONG. I agree with the argument which the Senator has been making. The Civil Aeronautics Board has actually served as an instrument whereby thousands of ex-servicemen who were fliers in World War II have been denied the opportunity to enter the air transport field. I am certain the Senator's section of the country has experienced the same situation that has been found in the area from which I come. Large numbers of ex-pilots who have also worked in the administrative branches of aviation have attempted to go into the air transport business, only to learn that the policy of the CAB has been such as to make it possible for only a small number of them, perhaps only 1 percent, to be successful.

I suspect that the reason for the failure of a substantial number of small concerns, comprised mainly of veterans, to break into the air transport business is due to a policy established by the CAB shortly after World War II.

Mr. O'MAHONEY. I think I can explain that policy without reflection upon the members of the Board. I believe they were motivated largely by the fact that they knew subsidies were being paid to the lines; therefore, in order to keep down the subsidy payments, the Board seemed to think it was necessary to keep to a minimum the number of companies flying. So there was reluctance to grant new certificates.

But this is a new era, in which the people of the United States, from coast to coast, from southern to northern border, have become airminded and are ready and willing to fly.

The line to which I refer is a line which has flown with safety, but the question of the revocation of its right to fly is now being tried before the Civil Aeronautics Board and if the decision should be adverse to the company it would be put out of business. I tell this story to the Senate because it seems to me to be conclusive proof that what is needed is keeping the appropriation down until an independent audit has disclosed exactly where the subsidy funds of the Treasury of the United States are going.

If the aviation industry has grown to such proportions that it may now transport freight and passengers across the Nation and over the seas without subsidy from the United States, why in the name of commonsense does not Congress take the steps to make certain that subsidies will be discontinued?

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

Mr. O'MAHONEY. I yield.

Mr. LONG. The Senator has had much experience with the operations of the Post Office Department. Many years ago he was an Assistant Postmaster General. Is it not correct that the airlines receive about 45 cents a ton-mile for carrying airmail as a nonsubsidized rate?

Mr. O'MAHONEY. I think the Senator is correct. I do not have the figures. I have been in the Committee on the Judiciary and the Committee on Interior and Insular Affairs today, and I have not had an opportunity to examine the figures.

Mr. LONG. Another Senator tells me that the figure is 60 cents. My recollection was that it was 45 cents.

My point is that the so-called Flying Tiger Airline, which was prohibited by law and by regulation of the Board from carrying passengers, mail, and parcel post, made a bid to the Postmaster General to carry first-class mail at 23 cents a ton-mile over its entire system. It says it can do so at a profit.

After the Civil Aeronautics Board had held up the Flying Tigers for several years, they finally agreed to let them go ahead and make a contract with the Postmaster General; and the major subsidized airlines are now in court with lawsuits to keep the mail from being carried at half the rates as it is now being carried.

Mr. O'MAHONEY. That is another illustration of the point I am making in support of the argument which was made this morning by the able Senator from Illinois, who feels that the committee amendment should be rejected. I concur in that feeling, upon the basis of all the evidence that is before me now.

I observe that the Senator from Alabama [Mr. SPARKMAN], formerly candidate for Vice President of the United States on the Democratic ticket, has now entered the Chamber. I know that he presided over a hearing of the Small Business Committee, as a result of which he came to a conclusion similar to that which I have just stated upon the floor, with respect to the false philosophy which has guided the Civil Aeronautics Board in the administration of subsidies for airlines, and in the admission of new carriers into the field.

The field is growing. The demand is growing. It is an ideal place in which there should be new competition. But I have no hesitation in predicting that if the North American Airlines is driven from the field, and subsidies are continued as they are provided for, there will be more mergers among the so-called grandfather lines. Sixteen there were. Thirteen there are now. If the policy which the CAB is following is continued, there will be 10 in another year or so, and control will constantly be narrowed.

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

Mr. O'MAHONEY. I yield.

Mr. LONG. It seems to me we have heard of some smaller airlines serving so-called feeder lines, or serving small communities, without having the opportunity of flying between the large cities, where the real, lucrative revenue is derived, which need subsidies in order to extend service into areas where it does not now exist. I would oppose any effort to reduce subsidies for airlines which are trying to extend service to small communities where service would not otherwise be provided. However, the so-called grandfather lines, the ones which have the best business, the ones which operate between the larger cities on routes where the largest profits are possible, certainly should be able to operate without subsidies.

Mr. O'MAHONEY. I have no doubt about that at all. Unless we change the system, the small States and the less populated communities will receive less and less service.

The North American Airlines, of which I have been speaking, has pending before the Civil Aeronautics Board application for certificates to fly air coaches among some 21 cities, at a rate lower than the rate in effect on the major lines now flying those routes; but the CAB will not render any decision on that application, because it has given priority to a punitive proceeding, which is based not upon charges of violations of safety regulations but solely upon charges of violating minor regulations and of flying too frequently, and of giving too much service to the people of the United States. That is a very poor policy or principle, it seems to me, upon which a Government agency should act.

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

Mr. O'MAHONEY. Certainly.

Mr. LONG. As a matter of fact, the people of the State which I have the honor in part to represent have service available from Eastern Air Lines, which flies to certain points, and we also have service by Delta Air Lines. By referring to page 286 of the hearings, the Senator will notice that Delta Air Lines is not a subsidized airline. Although I recognize Eastern Air Lines as one of the nonsubsidized airlines, and one of the more efficient lines, I am one of those who believe there would be more efficient service if there were competition between the two airlines. I cannot understand why the Delta Air Lines was not given the opportunity of competing with Eastern Air Lines in rendering flying services from points in the East, such as Washington and New York.

Mr. O'MAHONEY. As long as a new enterprise will comply with regulations for the safety of the flying public and for the safety of the property which it transports, then the policy of the CAB should be the policy of the law under which it operates, which is the policy of promoting, not restraining, competition.

Mr. LONG. It is also true that Eastern Air Lines, which is a nonsubsidized line, is anxious to provide service from New Orleans, and perhaps Birmingham and other cities, into Mexico City, without any subsidy. Yet Pan American is subsidized for those flights, and we are asked to appropriate more subsidies and pay more to Pan American, while other airlines are perfectly willing to supply that service without any subsidy.

Mr. O'MAHONEY. I am very glad to have heard the remarks of the Senator from Louisiana.

Mr. President, I have no desire to prolong the discussion——

Mr. SPARKMAN. Mr. President, will the Senator yield to me for a few brief comments?

Mr. O'MAHONEY. I yield.

Mr. SPARKMAN. A few minutes ago the Senator referred to a report which was made by the Small Business Committee about 3 years ago, with reference to the so-called nonscheduled airlines. In that report we made very definite recommendations regarding the payment to air mail subsidized airlines. I have never been interested in any one particular case. The Senator from Wyoming has several times mentioned the North American Airlines. It happens that company's case is acute at the present time, because, as I understand the situation, the Board has in effect stopped it from doing business while there is pending an application for certification. Is that not true?

Mr. O'MAHONEY. The revocation order has not been made. A hearing has been held upon the punitive proceedings of the Board against the company.

Mr. SPARKMAN. The recommendation which the Small Business Committee made, and which we ought to keep before us at all times, was based upon its feeling that the Civil Aeronautics Board had not fully utilized existing facilities for meeting the ever-increasing demand of the public for air transportation. It seems to me that has been its greatest weakness, as has been pointed out, from the time of the adoption of the Civil Aeronautics Act until this day. There exist the same main lines, but no increased competition between the major points of air transportation.

As I understand, there are noncertificated carriers which have begged for an opportunity to carry the mail without being subsidized, and have begged for an opportunity to work out some kind of a feasible plan to take care of the increasing demand for air transportation. Yet the Board has never worked out a program which would utilize the existing facilities, but, instead one by one has forced them out of existence. I take it that it is prepared now to force out of business the North American Airlines which is one of the few remaining rather large irregular carriers just as it has done with regard to many other airlines most of which were much smaller than the North American Airlines.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The question is on agreeing to the committee amendment on page 7, in line 16.

Mr. DOUGLAS. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Barkley	Holland	Mundt
Barrett	Hruska	Neely
Bible	Humphrey	Neuberger
Bush	Ives	O'Mahoney
Butler	Jenner	Pastore
Carlson	Johnson, Tex.	Robertson
Case, S. Dak.	Johnston, S. C.	Russell
Chavez	Kerr	Saltonstall
Douglas	Knowland	Smith, Maine
Dworshak	Kuchel	Smith, N. J.
Ellender	Lehman	Sparkman
Frear	Long	Symington
Gore	Martin, Iowa	Thurmond
Hayden	Martin, Pa.	Wiley
Hennings	McNamara	Williams
Hill	Millikin	

The PRESIDING OFFICER. A quorum is not present.

Mr. JOHNSON of Texas. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

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

After a little delay, Mr. AIKEN, Mr. BENDER, Mr. BENNETT, Mr. BRICKER, Mr. BRIDGES, Mr. BYRD, Mr. CASE of New Jersey, Mr. DANIEL, Mr. DUFF, Mr. ERVIN, Mr. FULBRIGHT, Mr. GREEN, Mr. JACKSON, Mr. KILGORE, Mr. LANGER, Mr. MAGNUSON, Mr. MALONE, Mr. MANSFIELD, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MONRONEY, Mr. PAYNE, Mr. PURTELL, Mr. SCHOEPPEL, Mr. SMATHERS, Mr. STENNIS, Mr. THYE, Mr. WATKINS, Mr. WELKER, and Mr. YOUNG entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the committee amendment on page 7, line 16.

Mr. KNOWLAND. Mr. President, I rise in support of the committee amendment and the position taken by the distinguished chairman of the subcommittee, the able Senator from Florida [Mr. HOLLAND] who is in charge of the bill on the floor of the Senate. I believe that the committee has gone fully into the subject. For the very cogent reasons which have been expressed by the chairman of the subcommittee, I hope the Senate will support the position of the Senator from Florida.

Mr. HOLLAND. Mr. President, there are a few things which I wish to say while a goodly number of Senators are present. I hope Senators who are present will remain to hear me out.

One of the things which we have heard said in the argument recently concluded by the distinguished Senator from Wyoming [Mr. O'MAHONEY] was that if we reduce the appropriation, in some way we shall be helping the small airlines. There could not be a more unsound conclusion reached if the Senator tried all day long to reach it.

I ask Senators to refer to page 286 of the printed record of the hearings. That will show why my statement is true. Senators will find listed there the trunk lines in the first listing, and the local service carriers in the second listing. If Senators will look in the second column from the end they will find that all the trunk lines combined are estimated to receive, in 1956, only $4,648,000 in subsidies, whereas the small lines are estimated to receive $25,135,000 of subsidy; helicopter lines, $2,928,000 of subsidy; States-Alaska operations, $3,549,000; and intra-Alaskan operations, $4,523,000 of subsidy. More will be received by lines which operate in Alaska than by all the trunk lines operating in the United States; and so on down the list.

If Senators will look at the two columns immediately before the ones which I have mentioned, they will see the reasons for the situation which I have described. The large trunk carriers are carrying nearly all the mail, because they are operating between towns and cities where the mail movements are heavy. Senators will find that the trunk cariers are carrying 82 million ton-miles plus of mail, whereas the local service carriers are carrying only a little more than 1 million plus ton-miles.

Furthermore, if Senators will look at the list carefully they will find that all but four of the trunk carriers are drawing no subsidies whatever.

How are we possibly going to hurt them by reducing the amount of the subsidy? The fact is inescapable that those who will be hurt are the small lines, the very ones which are being praised with such enthusiasm by those who are opposing the committee amendment.

If Senators will take the trouble to add up the totals, they will find that of the 82 million ton-miles of mail carried by the big domestic carriers, only 2,700,000 ton-miles are carried by the four trunk lines which receive a subsidy. With respect to all the rest, nearly 80 million ton-miles are carried by the nine large carriers which do not receive any subsidy. The ones which do receive a subsidy, the ones which would be hurt if we reduced the amount so that they would be forced to live on a day-to-day or month-to-month basis of existence, would be the small lines, which must borrow money and pay interest, and which are neither carrying heavy amounts of mail nor earning anything of consequence except by way of subsidy. This conclusion is completely inescapable; no Senator can deny it for a moment, because the facts are before us. The ones which would be hurt are the ones operating on a subsidy. The largest amount is for the list shown of local service carriers.

Before I leave this point, let me repeat that by reducing the appropriation from $55 million to $40 million we would not take one penny away from the nine large carriers who do not have subsidies, because they would not draw anything, whether the appropriation were $55 million, $40 million, or nothing. The conclusion is inescapable that when we reduce appreciably the amount of subsidy which must be paid if the operation is to be kept current in the approaching year, we are striking at the small airlines.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. O'MAHONEY. Will the Senator from Florida tell us what facts were developed with respect to the audit, of which the House report speaks? Have these accounts been audited?

Mr. HOLLAND. The Senator from Florida would say that the House report, in the opinion of the Senate committee, is not wise on this point. In the unanimous opinion of the Senate committee, its recommendation is not in accordance with the judgment of those in the subcommittee, who studied the subject very carefully; not in accordance with the judgment of GAO; not in accordance with the judgment of CAB, and not in accordance with the judgment of anyone we could find who has made a study of it.

The reason is apparent. If the Senator wishes to go back to the actual figures of last year's payments, all he need do is to move a few columns over in the table from which I have read, and he will find substantially the same facts there.

It is a fact that 9 of the great domestic trunk carriers do not draw subsidies and do not care one whit whether we appropriate $55 million or $10 million. The carriers which are looking for prompt payment of their subsidies are those which are serving small communities and which have been created for that purpose. They will be the ones who will be hurt if they must continue to borrow money when Uncle Sam declines to pay them what he owes them.

Mr. O'MAHONEY. Mr. President, will the Senator yield for a question?

Mr. HOLLAND. I yield.

Mr. O'MAHONEY. I have heard the statement of the Senator from Florida and his argument, and I am always impressed with what he has to say. But he has still failed to answer my question. My question was asked for the purpose of eliciting information with respect to the manner in which the audits are taking place, the time in which they have been taking place, to what extent they are current, and what recommendation the House committee makes with respect to these items.

Mr. HOLLAND. I may say to the Senator from Wyoming that the Senate committee has taken care of that situation better than has the House committee. We recognize the fact that the audits are delayed. The Chairman of the CAB came before us and he told us they were behind. He asked us to restore the amount—for the employment of the auditors and others who check the accounts—which the House had cut from the appropriation. We did restore those amounts, because we felt CAB was within its rights in asking for an adequate staff inasmuch as we have asked it for adequate performance. It seemed to the Senate committee that both the House and the House committee, although, of course, they made a careful review, were guilty of poor judgment, first in cutting the funds for the auditors and, second, in cutting the budgeted amount which is necessary to carry on the payments.

Mr. O'MAHONEY. May I ask the Senator another question?

Mr. HOLLAND. In a moment. We believe the result which will be accomplished by increasing this appropriation will be further to strengthen some of the smaller airlines, which will be more affected by a cut than others. Certainly the large domestic lines will not be affected, because they do not draw any

subsidy. The Senator knows that to be correct, does he not?

Mr. O'MAHONEY. I know it is the small lines that need the subsidy. However, I have yet failed to see an audit which has established whether or not the large lines are actually free of subsidy. The point which the House made, as I understand, was that the appropriation should be held down while the audits were being made current. Is there any reason why that policy should not be followed? The Senator has acknowledged that the audits are not up to date.

Mr. HOLLAND. The Senator from Florida has also pointed out that the House by its action would have put the audits further behind by cutting the number of auditors provided for in the budget estimate.

Mr. O'MAHONEY. Will the Senator from Florida advise the Senate to what extent the General Accounting Office has ever undertaken an audit of these payments?

Mr. HOLLAND. The General Accounting Office is in the course of a general audit now, and has made a very extensive interim report to our committee. It is a confidential report, unfortunately. That does not mean that Senators may not see it. I hold the report in my hand. I would not want the Senator from Wyoming to think that our committee had not gone to the accounting agency of Congress and asked for every bit of help it could give us and that it did not give us all the help it could. Unfortunately, it is a confidential audit, because it is not yet complete. However, I am glad to pass it to the Senator from Wyoming.

Mr. O'MAHONEY. I have no desire to examine a confidential audit. I am merely suggesting to the Senate that it might well be in the public interest to withhold the increased appropriation until an audit by the General Accounting Office has been completed. That is my whole argument. The subsidy payments have not been audited. They have not been audited by the GAO. The Senator testified to that fact himself. Therefore I say let us await the audit before continuing to appropriate these huge sums.

Mr. HOLLAND. The Senator should not put words in my mouth.

Mr. O'MAHONEY. I would not consciously do that.

Mr. HOLLAND. The GAO is auditing——

Mr. O'MAHONEY. The Senator stated it was a confidential and incomplete report.

Mr. HOLLAND. It is not a complete report. However, we do know that a good job is being done and that there is no disparity between the GAO approach and that of the CAB auditors. So far as the Senate committee is concerned, we believe that the mode of approach which is suggested by the Senator from Illinois, and which has been concurred in by the Senator from Wyoming, will accomplish exactly the wrong kind of result, because it will strike, not at the large carriers, which Senators feel have been treated too kindly, but at the small carriers, who need kind treatment, and for whose benefit the act was passed.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. CASE of South Dakota. I note in the hearings that the statement submitted by the CAB sets forth that if sufficent funds are not appropriated, the agency will have no alternative other than to request a supplemental appropriation, and that their original budget estimate was $63 million. The committee is proposing $55 million, which is $8 million less than the original estimate. Is that correct?

Mr. HOLLAND. The Senator is correct. The situation is a little worse than that, I may say, because at the time the budget was prepared, the agency felt reasonably sure it would have to request that a supplemental appropriation be granted.

That is because, in addition to the $63 million budgeted amount, there is a carryover from last year, unpaid and owing for a good while, of $6,300,000.

The committee, quite mindful of the fact that there were apt to be changes as the year went forward, addressed the question very earnestly to those it thought could best answer it. The witnesses for the Civil Aeronautics Board conferred together and finally came up with the figure of $55 million, which would still leave the agency, even under favorable circumstances, in the position of having to come back to Congress for a supplemental appropriation. They did feel this amount would be nearer to the irreducible minimum than any other figure the agency could suggest.

It was that irreducible minimum which the subcommittee unanimously reported to the full committee and which the full committee has unanimously reported to the Senate.

Mr. CASE of South Dakota. Having in mind that a supplemental request would be made in connection with this item, is the converse true, namely, that if the $55 million should prove to be more than is needed, after the General Accounting Office has made its audit, the money would not be spent, but would remain in the Treasury of the United States?

Mr. HOLLAND. Of course, that is true. I am glad the Senator has asked that question. If there should be an overappropriation, there would be a carryover of funds in the Treasury. However, the intention and conviction of the committee is that it has reported an irreducible minimum in the $55 million. In the committee report the Senator will find a statement to the effect that there will be a request for a supplemental appropriation.

Mr. CASE of South Dakota. Since the Senator has given assurances that the money will not be spent if it is not needed on the basis of the GAO audit, and since the committee has put in this protective measure approximately $15 million less than he assumes might be needed, it seems to me there is no reason for any Senator not to support the recommendation of the committee.

Mr. HOLLAND. I thank the Senator. What we are trying to do is to meet this payday obligation—to pay off a Federal obligation entered into under Federal law.

One more point, Mr. President, and I shall be through.

It seems to me that the distinguished Senator from Wyoming has fallen into the same error as that into which the Senator from Illinois has fallen. The Senator from Wyoming makes his principal point on the alleged treatment of the North American Airlines, and inveighs at great length because he does not think it has had a fair deal from the Civil Aeronautics Board. That may be true, but the answer to it, if that be the case, is in a change in the law or in a change of the personnel in CAB or a change in the administration of the law, and not in a withholding of money from airlines which have earned it under solemn arrangements with the United States Government—withholding payments which should be made as near the time when they are due as it is possible to make them.

If there be a feeling that there should not be subsidies; if there be a feeling that the law is inadequate or improper and should be amended; if there be a feeling that the CAB personnel is not sound—and I do not share that feeling—if there be a feeling that the General Accounting Office is not properly staffed; if there be a feeling that the Internal Revenue Bureau is not properly staffed—and I recall that the Senator from Illinois spoke of the fact that suits had not been brought to recapture certain money, although authority to institute such suits does not lie in the CAB itself, but is solely in the hands of the tax-enforcing officials, if any or all of those things are true, the remedy is not in strangling contractors with the United States who have established their businesses and are operating them on the faith of the present law and in the belief that Uncle Sam will be honest and fair and will pay the obligations due them.

Mr. President, we think the committee amendment should by all means be adopted, and we hope the Senate will agree to the amendment.

Mr. DOUGLAS. Mr. President, I had not intended to speak again on this subject, because it has been quite thoroughly debated this morning and on Tuesday, but the statements of the Senator from Florida need to be brought into line with the actual facts as they exist.

The Senator from Florida says that if we cut these appropriations, the first group to suffer will be the feeder lines which run north and south in general connecting with the transcontinental lines east and west. The record shows that the $40 million, if appropriated, would be sufficient to pay the entire $25 million to those feeder lines, sufficient to pay the requested $4.6 million to the domestic trunklines, sufficient to pay $3 million to the helicopter services, $2.2 million to the States-Alaska carriers, excluding Pan American, and sufficient to pay $4½ million to the intra-Alaska lines, and the requested $0.7 million for the Hawaiian lines. The requested claims for all the above groups total $40 million.

What we are trying to do is to reduce the subsidies to the international airlines, particulary the Pan American Airlines.

On May 18, 1955, the Comptroller General laid down the order of priority of subsidy payments. He addressed a letter to the Chairman of the Civil Aeronautics Board and I ask unanimous consent that the entire letter be made a part of the RECORD.

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

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, May 18, 1955.

Hon. ROSS RIZLEY,
Chairman, Civil Aeronautics Board.

DEAR MR. RIZLEY: Reference is made to letter dated May 3, 1955, with enclosures, from the Acting Chairman, Civil Aeronautics Board, requesting a decision respecting possible limitations upon the use of the sum of $8.9 million, provided in the Second Supplemental Appropriation Act, 1955, for payments to air carriers by the Civil Aeronautics Board.

The letter of the Acting Chairman states that the Board is confronted with two problems: first, the supplemental appropriation of $8.9 million, together with cash on hand April 21, 1955, of $1,657,192, is not expected to be sufficient to cover claims from all carriers that would normally be processed for payment between April 22 and July 1, 1955; and, second, what use the Board may make of the supplemental appropriation in view of an apparent intent to limit such use.

The appropriation in question, appearing in Public Law 24, 84th Congress, 1st session, approved April 22, 1955, reads as follows:

"For an additional amount for 'Payments to air carriers,' $8.9 million, to remain available until expended."

Standing alone, the above provision contains no patent ambiguity and, hence, ordinarily would present no problem of construction. In the absence of any express language limiting its use, it would be reasonable to hold that, from a strictly legal standpoint, the amount appropriated would be available for the payment of claims from all carriers that would normally be processed for payment. However, in the light of the legislative history of the bill, which reflects numerous expressions of intent seemingly at variance with one another, it becomes necessary to further analyze the matter for the purpose of ascertaining as nearly as possible the exact intent of the Congress during consideration and passage of the bill. As a basis for such action, attention is invited to the case of the *Boston Sand Co.* v. *United States*, (278 U. S. 41), wherein the Supreme Court of the United States stated, in pertinent part, as follows: "* * * It is said that when the meaning of language is plain we are not to resort to evidence in order to raise doubts. This is rather an axiom of experience than a rule of law, and does not preclude consideration of persuasive evidence if it exists."

Also, in *Helvering* v. *New York Trust Company* (292 U. S. 455), the Court again pointed out:

"The rule that where the statute contains no ambiguity, it must be taken literally and given effect according to its language is a sound one not to be put aside to avoid hardships that may sometimes result from giving effect to the legislative purpose. * * * But the expounding of a statutory provision strictly according to the letter without regard to other parts of the act and legislative history would often defeat the object intended to be accomplished. * * *"

The record indicates that the House Committee on Appropriations approved the sum of $5 million, which was a decrease of $10,200,000 in the budget estimate submitted by the Board for subsidy payments to air carriers during the fiscal year 1955. This action was taken apparently for the reason that the committee was of the opinion that certain reductions in subsidy could be effected following application of the principles enunciated by the Supreme Court in the case of *Civil Aeronautics Board* v. *Arthur E. Summerfield, Postmaster General, et al.* (347 U. S. 47), which held that the Civil Aeronautics Board in fixing subsidy must measure the need of a particular carrier by the entirety of its operations and not by the losses of one division or department. Respecting the matter, the committee, in its report No. 207, explained as follows:

"The committee is of the opinion that the Supreme Court decision, if properly adhered to, will result in a substantial reduction in the amount of subsidy, and that the amount allowed by the committee will be sufficient to make payments during the remainder of the fiscal year to domestic lines and international carriers who are not affected by the Supreme Court offset decision."

Subsequently, the Senate Committee on Appropriations recommended restoration of the sum of $15,200,000 as originally requested by the Board, and explained that such amount would make available in the fiscal year 1955 the estimated funds required to pay the obligations of the Government in settlement of sums due to subsidized aircraft operators carrying airmail. The recommendation was accepted by the Senate, and thereafter the bill was referred to a committee of conference which again reduced the amount to $8,900,000. However, contained in the conference report, House Report No. 426, was the following statement of the managers on the part of the House:

"Amendment No. 5: Appropriates $8,900,000 for payments to air carriers, Civil Aeronautics Board, instead of $5 million as proposed by the House and $15,200,000 as proposed by the Senate. The funds appropriated under this head are to be used to pay subsidy claims due for local service carriers."

Because of the uncertainty created by the varying views expressed above, you addressed a communication to the chairmen of both the House and Senate Committees on Appropriations in an attempt to clarify precisely what limitation, if any, was intended to be placed upon the supplemental appropriation. In response thereto, you were informed by both chairmen in effect, that they were agreeable to your proceeding to make payments to local service carriers, domestic trunk lines, helicopters, States-Alaska operations, intra-Alaskan operations, and Hawaiian operations, with the further comment that should sufficient funds remain after claims of the above groups have been met, there would be no objection to such balances being used to pay other carriers.

A review of the legislative history leaves little doubt that, notwithstanding the general terms of the appropriation statute as enacted, it was clearly intended by the Congress that the sum appropriated was not to be used in payments of subsidy to those carriers affected by the Supreme Court offset decision. Aside from that, however, with respect to the limitation of payments to local service carriers, set forth in the House managers' report, it would appear that such phrase, in fact, was intended to include not only the so-called feeder lines, but also the trunk lines within the United States not so affected by the decision. This view is clearly substantiated not only by the letters from the respective committee chairmen, but also by the following discussions on the floors of both Houses of Congress. For example, on March 18, 1955, in the House of Representatives (CONGRESSIONAL RECORD, p. 3196), Mr. HARRIS asked the following question:

"It is my understanding that the subsidy payment that is required would be affected but little by the decision referred to of the Supreme Court of the United States, because that affects the international carriers. It is my understanding that the greater portion of this subsidy is for the local carriers, and I believe three trunkline carriers. Is that true?"

To which Mr. Preston, chairman of the subcommittee, replied:

"The gentleman is correct. We stated in the report that the money appropriated, we thought, would be adequate to take care of the domestic carriers and the feeder lines. It was not the committee's purpose, as stated in the report, to spend any of this money for the international carriers, but preferably for the domestic and feeder lines."

Also, on April 20, 1955 (CONGRESSIONAL RECORD, p. 4819), in discussing the matter on the floor of the Senate, the following question was asked by Senator MONRONEY:

"In granting money to be paid for earned subsidies, may I ask if all the money is to be paid to domestic air carriers now operating within the United States?"

Mr. HAYDEN. "That is correct. I should explain that the Senate estimated that it would cost $15,200,000 to pay all the carriers, both the carriers operating within the United States and those operating internationally. The House appropriated only $5 million. The best figure we could arrive at, which would take care of the carriers in the United States only, was $11,200,000. We were able to raise the House figure to $8,900,000. In other words, we increased the House figure by $3,900,000. The House committee in its report states:

" 'The funds appropriated under this head are to be used to pay subsidy claims due for local-service carriers.' "

Mr. MONRONEY. "These are the carriers within the United States, not strictly the feeder lines we have been talking about in connection with the bill the Senate passed a few minutes ago. In other words, these are trunklines as well as feeder lines within the United States. Is that correct?"

Mr. HAYDEN. "That is correct. The reason for that is stated in the House committee report on the bill."

The information thus disclosed appears clearly to define the congressional intent with respect to the statute and, as such, requires no further comment. Accordingly it is our view that should the Board adhere to the guidelines established above, especially by giving priority to those carriers mentioned by the respective committee chairmen, such action would be in accord with the intent of the Congress and, therefore, would not be objected to by this Office.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General
of the United States.

Mr. DOUGLAS. Mr. President, I am going to read a salient paragraph from that letter:

You were informed by both chairmen, in effect, that they were agreeable to your proceeding to make payment to local service carriers, domestic trunklines, helicopters, States-Alaska Operations, Intra-Alaskan Operations, and Hawaiian Operations, with the further comment that should sufficient funds remain after claims of the above groups have been met, there would be no objection to such balances being used to pay other carriers.

That lays down the order of priority. The lower groups on the totem pole are the transoceanic carriers. Under the House figure of $40 million, without any necessity to raise it to $55 million, the local service carriers will be paid in full; the domestic trunklines will be paid; helicopters will be paid; States-Alaska Operations will be paid; Intra-Alaskan

Operations will be paid; and Hawaiian Operations will be paid. All these groups can be paid their full requested amounts under the $40 million figure set by the House. There is, therefore, no need to increase the appropriation from $40 million to $55 million in order to take care of the local service feeder lines or any of the other groups mentioned. Under the House figure of $40 million the one group which would have its subsidy reduced would be the transoceanic group.

When we deal with transoceanic lines we must realize that the northwest line to Alaska and the Orient has no subsidy at all, and TWA has no subsidy. So it boils down to whether Pan American Air Lines should get the money or whether it should be withheld pending audit.

Mr. President, in preceding days I tried to deal with some of the items of expenditure of Pan American Air Lines which I questioned. In the first place, I pointed out that Pan American owes the Government $6.8 million. They have lost $2½ million on their hotel investments in Latin America, which pulled down their financial position. One hundred percent of their taxes are paid by the Government, although in the case of other great carriers only about 4 percent of their taxes are paid.

Mr. President, I think the Senator from Florida earlier said that this was pay-up day and pay-off day. I do not want to pay off Pan American with money which is not due. I think we should not compel the taxpayers to pay up for something which they do not really owe.

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

Mr. DOUGLAS. I yield.

Mr. NEUBERGER. I should like to have the date of the letter of the Comptroller General to which the Senator referred.

Mr. DOUGLAS. May 18, 1955. It is a letter addressed to Ross Rizley, Chair- of the Civil Aeronautics Board.

Mr. NEUBERGER. I did not quite follow everything the Senator read. It makes clear that such small lines as Frontier and West Coast and Pacific Northern would be ahead in priority in the payment of subsidies over transoceanic lines. Is that correct?

Mr. HOLLAND. Mr. President, is it not true that the letter to which the Senator has referred is based solely upon payments of a limited amount covered by the second supplemental bill last spring and on the wording of the conference report on that bill?

Mr. DOUGLAS. It depends on what limitation, if any, was intended to be placed on the supplemental appropriations. The principle of priority can be made to hold for all appropriations, if it does not do so already.

Mr. HOLLAND. I am sure the Senator cannot desire that statement to stand. He will find the letter relates wholly to a very small appropriation under the second supplemental bill, and solely to the opinion of the General Accounting Office as to what should be done because of the directions given in the conference report upon that measure. Is that not correct?

Mr. DOUGLAS. No; I do not think it is correct. However, if there is any doubt about the intent, it could be extended now.

Mr. HOLLAND. I do not wish any question to arise of the correctness of that statement. I now hand to the distinguished Senator from Illinois the conference report of the managers on the part of the House. I invite his attention to the provision relative to the payment, and I ask him to revert to the letter to see if that is not the basis for the letter.

Mr. DOUGLAS. It is somewhat difficult to determine that point.

Mr. HOLLAND. Does the Senator from Illinois see any objection to placing the letter in the RECORD?

Mr. DOUGLAS. Certainly not. In fact, I have already placed it in the RECORD at an earlier point.

Mr. HOLLAND. Mr. President, I know the letter relates solely to the supplemental appropriation and the interpretation of the direction by Congress in the conference report.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

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

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

Aiken	Hennings	Monroney
Barkley	Hill	Mundt
Barrett	Holland	Neely
Bender	Hruska	Neuberger
Bennett	Humphrey	O'Mahoney
Bible	Ives	Pastore
Bricker	Jackson	Payne
Bridges	Jenner	Purtell
Bush	Johnson, Tex.	Robertson
Butler	Johnston, S. C.	Russell
Byrd	Kerr	Saltonstall
Carlson	Kilgore	Schoeppel
Case, N. J.	Knowland	Smathers
Case, S. Dak.	Kuchel	Smith, Maine
Chavez	Langer	Smith, N. J.
Daniel	Lehman	Sparkman
Douglas	Long	Stennis
Duff	Magnuson	Symington
Dworshak	Malone	Thurmond
Ellender	Mansfield	Thye
Ervin	Martin, Iowa	Watkins
Frear	Martin, Pa.	Welker
Fulbright	McCarthy	Wiley
Gore	McClellan	Williams
Green	McNamara	Young
Hayden	Millikin	

The PRESIDING OFFICER. A quorum is present.

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

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

Mr. KNOWLAND. As I understand, the issue before the Senate on which the yeas and nays have been ordered is the committee amendment on page 7, line 16. Is my understanding correct that a vote of "yea" is a vote to support the committee amendment; a vote of "nay" is a vote to reject the committee amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

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

Mr. DOUGLAS. Do I understand correctly that a vote of "yea" is a vote for the $55 million provided in the committee amendment and a vote of "nay" is a vote for the $40 million provided by the House?

The PRESIDING OFFICER. In terms of figures, the Senator from Illinois is correct.

The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with the senior Senator from Oregon [Mr. MORSE]. If he were present, he would vote "nay." If I were permitted to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oregon [Mr. MORSE], and the Senator from North Carolina [Mr. SCOTT] are absent on official business.

The Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate until June 21, 1955, on behalf of the Senate Appropriations Committee, to conduct an on-the-spot study of specific matters relating to our foreign-aid program.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

The Senator from Georgia [Mr. GEORGE] is unavoidably absent.

On this vote the senior Senator from from Kentucky [Mr. CLEMENTS] has a general pair with the junior Senator from Illinois [Mr. DIRKSEN].

The senior Senator from Montana [Mr. MURRAY] has a general pair with the senior Senator from Michigan [Mr. POTTER].

The Senator from Massachusetts [Mr. KENNEDY] is paired with the Senator from Maryland [Mr. BEALL]. If present and voting, the Senator from Massachusetts would vote "nay," and the Senator from Maryland would vote "yea."

I also announce that, if present and voting, the Senator from Montana [Mr. MURRAY] and the Senator from North Carolina [Mr. SCOTT] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from New Hampshire [Mr. COTTON], the Senator from Vermont [Mr. FLANDERS], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Iowa [Mr. HICKENLOOPER] are absent on official business.

The Senator from Maryland [Mr. BEALL] is necessarily absent.

The Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate to attend the funeral of close personal friends.

The Senator from Nebraska [Mr. CURTIS] is necessarily absent on public business.

The Senator from Illinois [Mr. DIRKSEN] is absent on official business for the Committee on Appropriations.

The Senator from Michigan [Mr. POTTER] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

The Senator from Illinois [Mr. DIRKSEN] has a general pair with the Senator from Kentucky [Mr. CLEMENTS].

The Senator from Michigan [Mr. POTTER] has a general pair with the Senator from Montana [Mr. MURRAY].

On this vote, the Senator from Maryland [Mr. BEALL] is paired with the Senator from Massachusetts [Mr KENNEDY]. If present and voting, the Senator from Maryland would vote "yea" and the Senator from Massachusetts would vote "nay."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Vermont [Mr. FLANDERS]. If present and voting, the Senator from Nebraska would vote "yea" and the Senator from Vermont would vote "nay."

The result was announced—yeas 51, nays 24, as follows:

YEAS—51

Barkley	Green	Mundt
Barrett	Hayden	Neely
Bender	Holland	Pastore
Bennett	Hruska	Payne
Bible	Johnson, Tex.	Purtell
Bricker	Johnston, S. C.	Robertson
Bridges	Kerr	Russell
Bush	Knowland	Saltonstall
Butler	Kuchel	Schoeppel
Carlson	Langer	Smathers
Case, N. J.	Malone	Smith, Maine
Case, S. Dak.	Martin, Iowa	Smith, N. J.
Chavez	Martin, Pa.	Stennis
Daniel	McCarthy	Thye
Duff	McClellan	Watkins
Dworshak	Millikin	Wiley
Ellender	Monroney	Young

NAYS—24

Aiken	Humphrey	McNamara
Byrd	Ives	Neuberger
Douglas	Jackson	O'Mahoney
Ervin	Jenner	Sparkman
Frear	Kilgore	Symington
Gore	Lehman	Thurmond
Hennings	Long	Welker
Hill	Magnuson	Williams

NOT VOTING—21

Allott	Dirksen	Kefauver
Anderson	Eastland	Kennedy
Beall	Flanders	Mansfield
Capehart	Fulbright	Morse
Clements	George	Murray
Cotton	Goldwater	Potter
Curtis	Hickenlooper	Scott

So the committee amendment on page 7, line 16, was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment which was passed over.

The next amendment passed over was, under the subhead "Business and Defense Services Administration," on page 8, line 24, to strike out "$6,198,000" and insert "$6,900,000."

Mr. MUNDT. Mr. President, I have an amendment to the committee amendment, which I ask to have stated.

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

Mr. HOLLAND. Mr. President, may we have the page and line, please?

The PRESIDING OFFICER. The amendment is on page 8, line 24.

The LEGISLATIVE CLERK. In the committee amendment on page 8, line 24, it is proposed to strike out "$6,900,000" and in lieu thereof to insert "$7,000,000 including not less than $370,000 to be available only to the Area Development Division."

Mr. MUNDT. Mr. President, if I may have the attention of my colleagues, I believe I can reduce what might have been a speech lasting one hour or one hour and a half, to perhaps 10 or 15 minutes, or even less, because I believe that the amendment I am submitting to the committee amendment will appeal to every Member of the Senate. I may state that I had hoped to discuss at considerable length my amendment to this committee amendment, but the hour has grown late and I shall be brief.

My proposal is that we bring up to the level of the request of the Bureau of the Budget, and up to the level of the request of the President, and up to the level of the amount proposed by the Joint Economic Committee, headed by the Senator from Illinois [Mr. DOUGLAS], the amount of the appropriation for the Area Development Division of the Business and Defense Services Administration, Department of Commerce. Only that, and no more.

Let me say that the Area Development Division is proof of the fact that something new can happen in America, for it is a new agency of the Department of Commerce, and has the responsibility of doing something which every Member of the Senate has been advocating at least since World War II and, in the case of some Members, since World War I, namely, that in connection with the fabrication of the vast numbers of defense products and the activities in which the Federal Government is interested, there should be reasonable dispersal from the great metropolitan areas of the country to the smaller communities of States which house the large cities, and also to include the States which do not happen to have within their borders great metropolitan areas.

I can think of no valid objection to my amendment to the committee amendment, except on the part of those who might be interested only in large industries or large communities, as opposed to small industries or small cities or rural States, because my amendment to the committee amendment provides for increasing the appropriation for this new office to a total of only $250,000 a year, which will enable small-business men or the representatives of rural States to come to Washington and obtain one-stop service, in receiving answers to their questions. The area development division is a clearinghouse on all data for all people interested in getting facts to use in developing new industrial opportunities in their areas or communities.

Mr. BRIDGES. Mr. President, will the Senator from South Dakota yield to me?

Mr. MUNDT. I am glad to yield to the distinguished Senator from New Hampshire.

Mr. BRIDGES. As the Senator from South Dakota well knows, there is opposition to his amendment to the committee amendment.

The Appropriations Committee tries to appraise and evaluate the services of the various agencies and divisions for which appropriations are requested. I admit that the Senator from South Dakota, in his very eloquent and able manner, presented a very logical explanation for this item.

Mr. MUNDT. I thank the Senator from New Hampshire.

Mr. BRIDGES. However——

Mr. MUNDT. Mr. President, I was hoping the Senator from New Hampshire would stop there. However, let him proceed. [Laughter.]

Mr. BRIDGES. However, the Senator from South Dakota well knows that when the Federal Government participates in the matter of relocating businesses, unless new businesses are created, they are bound to be taken from older areas and put into new ones.

So far as we in New England are concerned, we are sick and tired of having other areas raid our industries and relocate them in other sections of the country.

But, Mr. President, bearing in mind the strong testimony submitted by the very able Senator from South Dakota, the committee voted in favor of an appropriation of $150,000, instead of $250,000, in this case. The committee felt that would curtail somewhat the activities of this agency, so that it would not be able to solicit the transfer of such industries, as it has in the past.

Mr. MUNDT. Mr. President, I appreciate the validity of the statement of the Senator from New Hampshire, as against any effort by a Government agency or bureau in the direction of moving an industry from New England to any other area of the country.

However, I should like to point out that not far from his region of New England—at least, from a geographical point of view, to those of us who live in South Dakota, Connecticut would certainly seem to be included in New England—is the State of Connecticut; and I should like to refer to the testimony of a member of a Connecticut commission, who has urged the inclusion in this bill of the full amount for this item and even more than under the amendment proposed by me to the committee amendment. I refer to the testimony submitted on behalf of that commission, for it was stated that some of the Connecticut industries—especially in the case of the textile industry—have been drifting to the South. The testimony was that this new agency or division is providing very definite help in regard to the establishment in New England of new industries, to replace some which have been drifting into other areas.

Mr. PURTELL. Mr. President, will the Senator from South Dakota yield to me?

Mr. MUNDT. I yield.

Mr. PURTELL. I wish to ask the Senator from South Dakota to change the word "drift" to the word "yank," for such industries have not actually been drifting into other areas. In at least some instances the change has been effected directly with Federal funds.

If the Senator from South Dakota desires to have the appropriation for this item increased to the amount of the budget estimate, it must be that his amendment is offered in sheer desperation, because of a desire to retain a few industries in his section of the country.

Mr. MUNDT. Mr. President, let me say that in using the word "drift," I had in mind that it would be better to use that word, rather than to use the word "yank," because in referring to the South, I like to refrain from using the word "Yank." [Laughter.]

Mr. HOLLAND. Mr. President, will the Senator from South Dakota yield to me?

Mr. MUNDT. I yield.

Mr. HOLLAND. I am delighted to know that a Senator from the South—in this case, a Senator from South Dakota—and a Senator from New England are in such complete accord, because they were not in complete accord at the committee meeting the other day.

The subcommittee recommended the full amount of $250,000, as included in the budget; but the full committee, after hearing some very strong arguments from Senators on the other side of the aisle, all of whom were most persuasive and most impressive, decided to abandon the subcommittee temporarily, and to vote in favor of the reduced amount.

So I am glad to see this vindication of the sound judgment of the subcommittee; and I gladly accept the amendment to the committee amendment.

Mr. MUNDT. I thank the Senator very much.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from South Dakota to the committee amendment on page 8, in line 24, will be agreed to.

Mr. BRIDGES. Just a moment, Mr. President; let us find out what this amendment to the committee amendment will do.

Mr. MUNDT. My amendment to the committee amendment will simply restore the amount of the budget allotment, namely, $250,000, so that amount will be available for this new agency of the Government, which devotes all its time to helping smaller communities and smaller States, and so that in the Government there will be one place where such communities and States can obtain the information required in order to help establish new industries. In no sense does my amendment to the committee amendment move in the direction of moving industries from one section of the country to another.

Mr. BRIDGES. I wish I could be sure of that, but I am not. When the Federal Government begins to move in the direction of the relocation of industries, I am suspicious, because we in New England have already suffered too much from movements of that kind.

Mr. MUNDT. Mr. President, I have checked into that matter, since the Senator from New Hampshire has raised the objection; and I have the definite word of the Area Development Commission that they have neither the desire nor the authority to relocate industries. They simply provide an advisory service for all communities.

Mr. BRIDGES. Naturally, they may not require the relocation of industries; but they can do a good deal in an informal way.

Mr. MUNDT. Let me say that we have the benefit of the testimony of representatives of Easthampton, Mass., where the West Boylston Manufacturing Co. closed its plant in 1931. This matter is set forth on page 522 of the hearings. In order to locate other industries in Easthampton, the representatives of that community worked with the Area Development Division, and helped establish some small manufacturing plants—12 in number—in order to provide employment once more for the people who live in Easthampton.

So this agency helps the areas which the Senator from New Hampshire in part so ably represents, and which on occasion find an industry moving to another section of the country.

Mrs. SMITH of Maine. Mr. President, will the Senator from South Dakota yield to me?

Mr. MUNDT. I am glad to yield to the distinguished Senator from Maine.

Mrs. SMITH of Maine. Will the Senator from South Dakota inform the Senate the names of the members of the Area Development Commission, and the States from which they come?

Mr. MUNDT. I shall be glad to ascertain that information and to place it in the RECORD if the Senator desires.

But I may say that the chairman of the Commission is a very distinguished manufacturer from New England, who has come to Washington, and serves on the Commission at considerable expense to himself. I believe he lives in Massachusetts. Certainly he would not be in sympathy with attempts to move industries to other areas of the country if that would be detrimental to the beautiful New England area.

Mr. BRIDGES. Does not the Senator from South Dakota think that South Dakota will gain something from this amendment to the committee amendment, if it is adopted?

Mr. MUNDT. I hope South Dakota will be included among the various areas which will be helped. In fact, this Division has already been very cooperative with our people.

Mr. BRIDGES. Does the Senator from South Dakota think the same can be said of New Hampshire?

Mr. MUNDT. I think so. South Dakota and New Hampshire have so much in common that it would grieve me deeply to find that New Hampshire would not benefit. I believe New Hampshire will benefit. As a matter of fact, I think the results are likely to be as they usually are, and that New Hampshire will be closer to the top of the totem pole than will South Dakota.

Seriously, this is something which will benefit every State. Take a State like Illinois or New York, where there are metropolitan areas, and where there is a plethora of wonderful communities, small in size, and rural areas desirous of making available their services in the great dispersal program which is a part of our national-defense scheme. They cannot afford expert guidance. They cannot afford to send representatives to Washington to look around for information. The Area Development Division provides, in one office, a full set of facts. It provides counsel and guidance. It provides booklets and pamphlets. It provides the communities to which I have referred with the aids they need to defend themselves against the encroachments of gigantic business and the further embellishment of the great metropolitan fleshpots of America.

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

Mr. MUNDT. I yield.

Mr. BUSH. How long has this establishment been in operation?

Mr. MUNDT. This is its third year, but actually the second year of genuine service.

Mr. BUSH. What is the appropriation for the current fiscal year?

Mr. MUNDT. The current appropriation is $120,000, I believe.

Mr. BUSH. And the Senator proposes to double it?

Mr. MUNDT. I propose to follow the recommendation of the President. I propose to follow the recommendation of the Bureau of the Budget. This will be its first year of full operation on a nationwide scale. The amount proposed is the amount the agency thinks it will need. It would provide for only a very small number of employees—less than 50—and would provide a minimum of expenditure to achieve a maximum of good, especially to States like Connecticut, which, as the Senator knows better than I do, have been suffering because technological changes and shifts in population have caused the removal from certain areas of a great many manufacturing plants which formerly provided employment for the people of Connecticut. The testimony is replete with illustrations of Connecticut areas where new developments, new industries, have worked with the Area Development Division in order to find a place where their services can be profitably employed.

Mr. BUSH. Does the Senator have in mind the page in the record of the hearings where reference is made to the Connecticut Development Corp.?

Mr. MUNDT. I do.

Mr. BUSH. To what page does the Senator refer?

Mr. MUNDT. I refer to page 520 of the printed hearings, where there will be found a letter from Sidney A. Edwards, the managing director of the Development Commission for the State of Connecticut, dated May 23, 1955, in which he urges emphatically that there be devoted to this project not the $250,000 modestly recommended by the conservative Senator from South Dakota, but, with typical Connectitcut enthusiasm, $370,000.

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

Mr. MUNDT. I yield.

Mr. BRIDGES. As the Senator knows, I did not favor, in committee, the entire elimination of this item. I might have had that in the back of my mind, but I was perfectly willing to allow the area development division to continue with a reasonable appropriation. The question is, What is a reasonable amount? Some persons ask for $370,000. Others ask for $250,000.

Mr. MUNDT. The taxpayers of Connecticut want $370,000, but I thought probably the area development division could get along with $250,000 and still keep the office serviceable for another year.

Mr. BRIDGES. I heard what the distinguished chairman of the subcommittee, the Senator from Florida [Mr. HOLLAND] had to say. I think he was very fair in his statement. However, I do not feel as does the Senator from Florida. Having heard all the testimony and evidence, it seems to me that if we were to allow the entire budget request, we would be approving everything the area development division might do.

Mr. MUNDT. No; because the legislative history will clearly indicate that the powerful Senator from New Hampshire, with his great influence in our committee, will certainly crack the whip on the Area Development Division if it makes a single move toward taking an essential worker out of New Hampshire or New England and transferring him to some other area.

Mr. BRIDGES. Where are they to get the industries if they do not get them from New England?

Mr. MUNDT. I am happy to answer that question. In the field of chemistry, the field of plastics, and in the development of technocracy, a great number of new industries are developing all the time. The question is, Where can they best be located, especially if they have some impact upon the national defense, so that they may not be in an area at present listed as a target area for potential bombing? As new industries are created, they will operate in that field.

In my own State the Area Development Division is at present working with some persons in rural South Dakota to determine some manufacturing and commercial uses for corncobs and corn kernels, in the development of synthetics and the manufacture of alcohol.

That is a development which impinges on no other area, but it provides commercial utilization for farm products. That is certainly a movement in the right direction. I hope, with the typical generosity which is characteristic of the great Senator from New Hampshire, he will allow the Area Development Division to operate for 1 year at full speed ahead. Then I shall be happy to join him in making certain that they have not moved in, in an effort to disrupt existing industries.

Mr. BRIDGES. The distinguished chairman of the subcommittee, the Senator from Florida [Mr. HOLLAND] stated that he would accept the amendment. I do not wish to see the amendment adopted. I favored the amount of $150,000. I think we must put the brakes on a little.

Mr. MUNDT. Does not the Senator believe that the stern admonition he has issued this afternoon will put the brakes on a timid group of new bureaucrats in the Department of Commerce?

Mr. BRIDGES. I am always willing to give and take. We must find some common ground. However, I do not wish to allow the full amount.

Mr. MUNDT. Does not the Senator from New Hampshire feel, as does the Senator from South Dakota, that if we give them $100,000 more, we shall arrive in conference prepared to give and take, as the Senator has suggested. But if we give and take here, and give and take in conference, and give more than we take, we do not wind up with very much for the Area Development Division. I hope the Senator will go along, and let the give and take occur when we reach the conference.

Mr. BRIDGES. I should like to see the Division operate on a reasonable budget for the coming year. Next year I should like to see a summary of exactly what has been done, what States have been involved, what new industries they got, and where they were settled.

Mr. MUNDT. I am sure we can obtain such information.

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

Mr. MUNDT. I yield.

Mr. HOLLAND. My statement that I would be willing to accept the amendment of the Senator from South Dakota [Mr. MUNDT] to the committee amendment was predicated upon the very clear understanding with the Senator from South Dakota, and, less formally, but equally clear in my mind, with the Senator from New Hampshire [Mr. BRIDGES], that there was a meeting of minds with respect to the amendment. If those two Senators are not together, of course, I will stand by the decision of the committee. I regret to be placed in what seems to be a dual position. I understood that the Senator from South Dakota and the Senator from New Hampshire had resolved their differences and had agreed upon the amount originally reported by the subcommittee. If they are still quarreling over the amount, I shall have to withdraw my statement, because, of course, I must stand with the committee.

Mr. BUSH. Mr. President, will the Senator from South Dakota yield to me briefly?

Mr. MUNDT. In a moment. I should like to say to my friend from Florida, in order that he will be under no misapprehension, that the Senator from New Hampshire and the Senator from South Dakota are not approaching each other very closely in this matter. We have arrived actually at an agreement on everything except the amount. We are now proceeding to arrive at an agreement as to the amount. We are making progress.

Mr. HOLLAND. I had understood that the Senator from South Dakota and the Senator from New Hampshire had already reached a rapprochement. Inasmuch as the Senator from South Dakota and the Senator from Florida are both from the South, and inasmuch as I thought I had assurances from both the Senator from South Dakota and the Senator from New Hampshire, I made the statement which I made a few minutes ago; otherwise I certainly would not have made such a statement.

Mr. BRIDGES. Mr. President——

Mr. MUNDT. Mr. President, I yield temporarily to the Senator from New Hampshire [Mr. BRIDGES]. I think we may be able to approach each other a little more closely during this colloquy.

The PRESIDING OFFICER. A few moments ago the Chair announced that, without objection, the amendment to the committee amendment would be agreed to. The Chair did not know that there was objection. Therefore, he withdraws that announcement.

Mr. HOLLAND. Mr. President, I ask that the amendment to the committee amendment be passed over temporarily, if Senators are still trying to get together. This involves a very minor matter, although it seems to be of great importance to Senators from New England as well as Senators from the Middle West. The other members of the committee felt that if there was real good to be accomplished for those two areas, if there was a need for the services of this agency on the part of people now out of employment, and that need could be served by this agency, they were willing to go along.

Mr. MUNDT. Mr. President, I have just had a conference with the Senator from New Hampshire [Mr. BRIDGES] in the process of reapprochement which we were discussing a little earlier. We realize, of course, that whatever action the Senate takes is over and beyond what the House allowed, and that in the give-and-take of conference it is necessary to have a meeting of minds. I should like to inquire of the Senator from New Hampshire, who seems to feel that perhaps another $50,000 for this division for the coming year might be appropriate, whether he could go along with a proposal for $75,000 and allow the question to be settled in conference, after we see what the attitude of the House is. We may not be able to hold even the $50,000, but if we adopt a figure of $75,000 additional, we shall have some basis on which to negotiate. Perhaps we can hold the full amount. Perhaps not.

Mr. BRIDGES. Mr. President, I do not wish to delay the vote on this amendment. The House heard the evidence, and did not allow anything.

Mr. MUNDT. The Senator is correct.

Mr. BRIDGES. The Senate Committee on Appropriations allowed $150,000. Of course, I realize that when one branch of Congress allows $150,000 and the other branch allows nothing, there is not much to consider in conference. However, I wish to stress the point that I do not want the Federal Government through this agency or any other agency to pry into States in an attempt to move an industry from one area to another area.

Mr. MUNDT. I think it would be highly appropriate—and it might well be done in a conference—to ask, first, that the Area Development Division does make the report that the Senator has in mind; second, that it limit its activities, as we know it intends to do and should do, to helping communities bring in industries, but not take them from another area.

Mr. BRIDGES. I do not want to hold up consideration of this matter any further. If the Senator from South Dakota and the Senator from Florida can agree on a $75,000 increase, I will accept it, so far as I am concerned.

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to, and, without objection, the committee amendment, as amended, is agreed to. The secretary will state the next amendment of the committee which was passed over.

The next amendment passed over was, under the subhead "Maritime Activities," on page 9, line 20, after the word "For", to insert "construction as authorized by sections 701 and 702 of the Merchant Marine Act, 1936, as amended (46 U. S. C. 1191, 1192), of one prototype tanker and two prototype cargo ships; for."

Mr. WILLIAMS. Mr. President, it is my understanding that it is agreeable to the Senator from Florida that we pass over this amendment for the moment and consider the next amendment, which is related to this amendment.

The PRESIDING OFFICER. Without objection, the amendment will be passed over temporarily, and the Secretary will state the next amendment.

The next amendment was, on page 10, line 15, after the word "equipment", to strike out "$64,700,000" and insert "$102,800,000."

Mr. WILLIAMS. Mr. President, I am opposed to the increase recommended by the committee, but first I will yield to the Senator from Florida, who perhaps will be willing either to have the amendment rejected or to explain why he believes it should be adopted.

Mr. HOLLAND. Mr. President, I did not understand the Senator's statement.

The PRESIDING OFFICER. The Senator from Delaware wants an explanation of the amendment or its elimination.

Mr. WILLIAMS. Perhaps the Senator from Florida is willing to have the amendment rejected and thus save the time of the Senate.

Mr. HOLLAND. Mr. President, this item is for maritime activities, and applies to the subject of ship construction and that general field. The House provided for this item an amount of $64,700,000. The Senate committee proposes to increase the amount to $102,800,000. The committee added $38,100,000 for ship construction under maritime activities of the Department of Commerce. The amount which the committee added is primarily for three things which would be eliminated by the bill as passed by the House, all of which are estimated for in the budget.

First, there are three prototype vessels, all of which are essential to defense mobilization requirements. One of them is a high-speed tanker, and the other two are cargo ships to be constructed along lines which are thought to be improvements.

Incidentally, the Navy is strongly supporting the construction of these three prototype ships. The Navy proposes to put them into active operation and test their effectiveness just as soon as it can get the ships. They would be a part of the Navy's Military Sea Transport Service.

Second, it is necessary to keep up the level of the tanker trade-in program which was recommended last year. The House has cut the amount in half, allowing $11,500,000. The Senate committee restored the other half of the cut, or $11,500,000.

Third, there is the restoration of half the budgeted amount of $5 million for research, which will permit the Maritime Administration to go ahead with the experimental conversion of one more Liberty ship in fiscal year 1956. The restoration of the $38,100,000 will permit the accelerated ship-building program, which the Senate initiated last year, to continue.

I may say that we were thoroughly impressed with the fact that this activity was just as much a part of the defense program and of the defense preparations of our Government as were those portions of the program which will come under the armed services appropriation bill and under the military public-works bill.

As to these three prototype vessels, although the members of the committee are not maritime experts, we were greatly impressed with the fact that there was an obligation placed by Congress upon this agency to develop new and adequate ships to meet the trying conditions of modern times. We felt that the recommendation of the Budget Bureau, which has been very conservative in the approval of many items, even in the field of defense, should be given very great weight, and of course the recommendation of the agency itself, particularly when it was strongly backed by the Navy, which explains that its merchant transport support is now much too slow to meet modern conditions.

The item for the tanker trade-in program rather explains itself. The House cut the figure for the tanker trade-in program started last year in half, by striking out $11,500,000. It seemed to the committee that the full program should go ahead. If there is anything wrong with the program, let us stop it.

That program, of course, has to do with the return to reserve of slow ships which were built during the war, which are to be stored with the other hundreds of war-cargo vessels in the various reserve merchant fleets, and the building of new tankers having greater speed and designed to meet modern conditions.

The budgeted amount for research, we thought, was an important item. It seems to us that in this day, when we are spending so much in research in connection with the atomic bomb, munitions of war, and all the other things which have to do with the armed services, such as guided missiles and the like, we would be very shortsighted indeed if we did not recognize the fact that research is certainly necessary in the case of these vessels—tankers and cargo ships and passenger ships—which must likewise be made adequate in order to meet the conditions of modern atomic-age requirements.

Therefore, Mr. President, we restored these items, believing that was the right thing to do in the national interest. That is the position of the committee.

Mr. WILLIAMS. To point out in answer to the Senator from Florida that some of his own arguments will defeat what he is proposing. He points out that the committee has restored the tanker trade-in allowance in order to modernize the tanker fleet. In the closing days of the session last year we passed a bill—and I supported it—the purpose of which was to provide for a fast speed tanker program. Early this year, in a supplemental bill, the Appropriations Committee authorized certain funds to implement that bill. I supported that appropriation, with the understanding that we would build a modern tanker fleet with speeds of not less than 18 knots. The truth of the matter is that we have not built a modern fleet, but are merely subsidizing the same old-type tankers that were built before we passed the bill.

I should like to read from the committee report and the testimony that was given on this question last year. I read from House Report No. 1929, which accompanied H. R. 9252. This was the bill that authorized the trade-in tanker program, the purpose of which was to give us a fleet of high speed tankers of at least 18 knots each.

I shall not read the whole report, but I would like to quote from a letter sent by Admiral Duncan, Vice Chief of Naval Operations. I shall quote from his letter, but first I ask unanimous consent that the letter may be printed in its entirety at this point in the RECORD.

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

DEPARTMENT OF THE NAVY,
OFFICE OF THE CHIEF OF
NAVAL OPERATIONS,
Washington, D. C., June 10, 1954.

Hon. THOR C. TOLLEFSON,
Acting Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: The Judge Advocate General of the Navy has advised me that your committee desires the views of the Navy Department concerning H. R. 9252, a bill to amend the Merchant Marine Act, 1936, to provide a national defense reserve of tankers and to promote the construction of new tankers, and for other purposes, with particular reference to the value for defense purposes of the T-2 tankers which might be traded in under the provisions of the bill.

I welcome the opportunity to express the views of the Navy Department on this matter, since the qualitative deficiencies in the active United States tanker fleet, the approaching block obsolescence of a large part of the fleet and the complete lack of a reserve of tankers against mobilization requirements are of considerable concern to the Department of Defense.

The United States is lagging behind other countries in the construction of modern, fast tankers. A large portion of our tanker fleet is still comprised of World War II T-2 tankers of 14.5 knots speed, which have had hard service and which will all become obsolete in a block in 1963 to 1965. These ships should be replaced in an orderly program by modern, fast, economical tankers if we are to properly supply our needs for petroleum products in the event of a future war.

Our first-line tankers should be ships of a speed of 18 knots or more in order to minimize the hazards of enemy attack and to permit fast turnaround times. However, there is no doubt that we will still have a need for all of the slower ships which are in good condition and which may be available. At present, for all practical purposes, we have no reserve of tankers to meet the greatly increased needs for petroleum products upon mobilization. The T-2 tankers which might be replaced under this bill would form a valuable reserve of usable tankers which, upon mobilization, would supplement the new tankers in the support of military operations until the mobilization shipbuilding program is brought into operation. The T-2 tankers could be used in many areas where the enemy threat is not great, while the new

higher speed tankers serve the more hazardous areas. In this manner the T-2 tankers could continue to serve a useful purpose for many years.

From the national defense point of view, what is needed is an orderly program of construction of improved higher speed tankers which will eventually result in a tanker fleet of active and reserve tankers of adequate characteristics and numbers to meet early mobilization needs in the event of a war. H. R. 9252 is a step in this direction and accordingly has the strong support of the Navy Department. I recommend your favorable consideration of the bill as now written.

Sincerely yours,

D. B. DUNCAN,
Admiral, USN,
Vice Chief of Naval Operations.

Mr. WILLIAMS. I quote from Admiral Duncan's letter, as follows:

From the national defense point of view, what is needed is an orderly program of construction of improved high-speed tankers which will eventually result in a tanker fleet of active and reserve tankers of adequate characteristics and numbers to meet early mobilization needs in the event of a war.

I continue to read from the letter:

Our first-line tankers should be ships of a speed of 18 knots or more, in order to minimize the hazards of enemy attack and to permit fast turnaround times.

I next quote from a letter sent to the committee by Sinclair Weeks, Secretary of Commerce, which was printed in the same report in support of this same proposal. I will quote only a part of the letter that—

If the legislation is enacted the Department, at this time, believes that the 18-knot sustained-sea-speed requirement is the only feature that might require the payment of a national-defense allowance. While the determination of the national-defense allowance for speed will be difficult, no such allowance will be approved unless it is for an item or feature which would not be built into the tanker except to meet national-defense requirements, or one which has a cost disproportionate to its commercial utility.

The bill passed by Congress was also supported by Mr. Rothschild, the Chairman of the Maritime Commission, for the same reason. I am quoting Mr. Rothschild's statement:

Under the projected program, the national-defense-required speed will be a sustained sea speed of 18 knots under normal operating conditions. We plan to determine the normal speed on a company-by-company basis after consideration of the companies' operating practices, policies, and other pertinent factors, including the companies' fleet average speed and the speed of any postwar construction undertaken by the companies.

The testimony of all three officials representing the top agencies was that we needed a tanker fleet with a minimum speed of 18 knots. I do not think there is a Member of the Senate or a member of the committee which reported the bill who will dispute the fact that the bill was passed with the clear understanding that we were authorizing a high-speed tanker fleet with a minimum speed of 18 knots. Now there have been 4 tankers contracted for, but only 1 of them carries a speed of 18 knots. The others are the old slower speed type tankers, yet they received the same subsidy formerly approved for the high-speed ships. The company was given the same subsidy provided for in the bill, but they built the same old type of slow-speed tankers.

Yet the high-speed feature was the major excuse used to justify the payment of any subsidy at all.

We are now asked to appropriate another $23 million to carry out the program on the promise that they will now and in the future be good boys and see that we get high-speed tankers. I do not think we have any right to appropriate the money until they explain why they did not carry out their instructions in the first place. Let them come to Congress and explain why they paid out these subsidies without getting value received.

They merely say now, "Give us another $23 million and we will do better next time." No effort is made to justify their past actions.

I do not think there can be any contradiction of the fact that they are tentatively discussing a contract now with the Gulf Oil Co. involving a trade of 5 tankers for 2, and again they are contemplating a speed of only 17 knots for those tankers. We are told this will be held up now but it is being held up only because the House filed a complaint and of the objections being raised here.

I repeat that notwithstanding the fact that they justified this program of high-speed tankers before the Congress as being in the interest of the national defense. They have been using the money to build tankers which only last year they described as obsolete.

Mr. BUTLER. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. BUTLER. I should like to make a statement in my own right, if the Senator will yield for that purpose.

Mr. WILLIAMS. I would rather the Senator would wait until after I have concluded my statement.

Mr. BUTLER. May I inquire whether the Senator intends to discuss the matter item by item?

Mr. WILLIAMS. I shall be glad to yield to the Senator if he wishes to reply to this particular project. Then I shall take up another item later.

Mr. BUTLER. I thank the Senator. The Senator's main point, as I understand, is that the Maritime Administration came to Congress and asked that the bill be enacted on the basis of constructing high-speed tankers.

Mr. WILLIAMS. Is not that correct?

Mr. BUTLER. As the bill was passed by the Senate, irrespective of the testimony, the heart of the bill was that the speed of the vessels should be set at a figure, as stated by the Department of Defense, which was best for the national interest.

Mr. WILLIAMS. From reading the letters from the Secretary of Commerce and from an admiral of the Navy, and from the chairman of the Maritime Commission I have been unable to find out whether any flexible figure was stated. The figure of 18 knots was used throughout the testimony as being the minimum requirement.

Mr. BUTLER. I was about to address myself to that point. At that time it was the fixed policy of the Department of Defense to have tankers with a speed of approximately 18½ knots. After the enactment of the tanker law the Department of Defense reconsidered the whole subject and, as I understand, certified to the Maritime Administration that any tanker which had a speed between 16 and 20 knots would be satisfactory and would meet all the requirements of the Department of Defense. This year the Department of Commerce asked $22,400,000 for the acquisition of traded-in tankers under the trade-in plan. The Senate committee allowed the full amount. The House cut the amount requested in half, which is conclusive proof, to me, that the House, after hearing all the facts, was apparently completely satisfied that the purposes of the law are being carried out and that there are being constructed, under the law, tankers which are satisfactory to the Department of Defense.

Under the program for fiscal 1955, eight tankers are authorized to be constructed, most of them with a sustained speed of 16½ knots, which is within the prescribed limit set by the Department of Defense as being usable for defense purposes. This speed is within the 18 knots testified to Mr. Rothchild and by the Department of Defense.

I think I have produced ample proof that after the enactment of the bill the Department changed its mind and revised downward somewhat its estimate of the requirements for national security.

Mr. WILLIAMS. Mr. President, while there are several Members on the floor, I ask for the yeas and nays on the amendment at this time.

The yeas and nays were ordered.

Mr. BUTLER. Mr. President, I think the main point which has been made by the Senator from Delaware is that, inasmuch as the Department of Defense and the Department of Commerce did not do what they said in their testimony they would do, we should bring them back again and go over all that has been done in the House of Representatives. All the witnesses from the Department of Defense have been heard. I respectfully say to the Senator that that has been done in the House of Representatives. All the representatives from the Department of Defense and the Department of Commerce have been heard. The House was perfectly satisfied with the explanation they gave and did not cut out the appropriation, but, as a matter of fact, appropriated half of what was asked, apparently in the interest of economy, which, in my opinion, is an approval by the House of what has been done under the program to date, and is a go-ahead sign from them that, so far as they are concerned, they would like to see the tankers built.

Mr. WILLIAMS. I wish to make it clear that I am not setting myself up as an authority on what the speed of tankers should be. When the Department of Defense came before the committee last year, in the closing days of the session, and said they needed 18-knot tankers, I supported the bill. I felt they knew more about the subject than I did.

If the Department of Defense says today that it has changed its mind, as the

Senator from Maryland points out, and will now say that it will be satisfied with 16½-knot tankers, I will not dispute their views.

However, if they have changed their minds, and have decided they do not need 18-knot tankers then there is no need for this $23 million appropriation. I go back to what Sinclair Weeks, the Secretary of Commerce, said to the committee, namely, that the only feature of the tankers which would require a subsidy was that which calls for increased speed. So if the Department of Defense has now changed its mind and says it does not need 18-knot tankers, as they have apparently done, my point is that this part of the appropriation should be stricken out, because we then have no justification for subsidies for the construction of the tankers. Let us not pay a subsidy for 18-knot tankers, which we are doing today, and then have slow speed tankers constructed.

It is time that the Department made up its mind and starts spending the taxpayers' money for the purpose for which it was authorized.

I am perfectly willing to support a program requested by the Defense Department for a 16-, 18-, or 20-knot tanker but I am not willing to pay for something we do not get.

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

Mr. WILLIAMS. I yield.

Mr. BUTLER. Will the Senator give the Secretary of Commerce the same break as he gives himself? The Secretary of Commerce is not an expert on speed. He was merely telling the committee what the Department of Defense had told him. When the Department of Defense has revised its thinking and now says that a 16½-knot tanker will do the job that an 18-knot tanker will do, why hold that against Sinclair Weeks?

Mr. WILLIAMS. I have great respect for Mr. Sinclair Weeks; that is why I am quoting him here today. He said the 18-knot feature was the only excuse for a subsidy.

Mr. BUTLER. All he is doing is reflecting the thinking of the Department of Defense.

Mr. WILLIAMS. I recognize that that is what he is doing but they change their mind so fast he is having trouble keeping up with them.

But what we are being asked for here today is to continue a subsidy for the building of high-speed tankers when, in reality, we shall be building only low-speed tankers. If the Department of Defense has changed its mind, certainly we should not continue to pay a million or a million and a half dollars a tanker for high-speed tankers which will not be constructed.

All that I am asking is that we not pay for something we will not get. That is exactly what we are doing in this appropriation.

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

Mr. WILLIAMS. I yield.

Mr. BRIDGES. I should like to have the Senator's position made clear. I stepped off the floor momentarily, and when I returned the distinguished Senator from Delaware was speaking. I heard him say that the Committee on Appropriations had either made a mistake or else had not been given the facts. Will the Senator state how he arrives at that conclusion?

Mr. WILLIAMS. The Committee on Interstate and Foreign Commerce last year reported a bill on the recommendation of Mr. Rothchild, Mr. Weeks, and the Secretary of the Navy providing for the construction of 18-knot tankers. I supported the bill. I think the Senator from New Hampshire did likewise.

Earlier this year the Committee on Appropriations recommended an appropriation to put that plan into effect. I supported the appropriation. The testimony before the committee again was for funds to put into effect a high-speed tanker-building program. My charge is that those funds have not been spent for the purpose for which they were appropriated; they have been spent for the same type of low-speed tankers—at least, for 3 out of 4 thus far contracted for. The committee acted in good faith but they were misled.

Mr. Weeks, the Secretary of Commerce, told the committee at the time the legislation was passed that if low-speed tankers were built, a subsidy was not needed. Yet the same subsidy has been paid for the building of low-speed tankers that was authorized for the construction of the high-speed tankers.

I say again that I am not trying to determine the speed that is needed, whether it be 16 knots or 20 knots; I am willing to leave that decision to someone who knows about the situation. If 18- or 20-knot tankers are needed, and if 18- or 20-knot tankers are to be built, I will vote for an appropriation to construct them. But I do not want to give money to an agency which has been building low-speed tankers, which is still pledged to build low-speed tankers, when they get that money from the Congress on the basis it will be used for high-speed tankers. As evidence that they know this was wrong they are now frantically trying to change their policy. But if they again get the money, they may do exactly what they did before, namely, spend the money for the building of low-speed tankers.

We have a responsibility to stop the funds until we can correct the legislation whereby we will know this will not happen again. There are millions involved in this deal and certainly no one contends that the major oil companies cannot afford to build their own tankers except as special defense features are required by the Government.

What we are doing is paying for these special features without getting them.

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

Mr. WILLIAMS. I yield.

Mr SALTONSTALL. Since the Senator from Delaware started to speak, I have received information that of the 5 tankers which are under consideration, a contract for 1 of them is firm; contracts for the other 4 are under contemplation as to design, and so forth.

The tanker to be built for Esso will have a speed estimated at 18.3 knots. The one which is firm for Texas Co. will have a speed estimated at 18.5 knots. The 2 tankers contemplated to be built for Gulf will have an estimated speed of 17 knots. Three are under contemplation at the present time; one of them is firm.

Mr. WILLIAMS. That is correct; that is the same information I have. But I point out again the latter part of the Senator's own statement, in which he said that the two contemplated to be built for Gulf will have a speed of 17 knots.

I fail to find—if I am in error, I hope the Senator from Massachusetts will point out where—anywhere in the legislation in which Congress has authorized this program any reference to tankers having a speed below 18 knots. They were all to be 18- to 20-knot tankers. The bill was passed and the subsidy authorized on the basis of the construction of 18-knot tankers.

There is a difference in the cost of 18-knot and 17-knot tankers. Yet at the same time the subsidy which was given for the building of 16½-knot or 17-knot tankers was in the same ratio as that proposed for the 18- to 20-knot tankers in the bill.

Mr. SALTONSTALL. It is my memory of a year ago—I did not hear the testimony discussed in detail this year—that the program was being contemplated last year because the T-2 tankers were slower and would hold less. The idea was to turn the T-2 tankers back to the reserve fleet and to help build new ones. The purpose of constructing new ones was to build up, by commercial companies, a tanker fleet. The figures showed that Norway, Great Britain, and other countries were away ahead of the United States in tanker construction, and we would have to rely on those countries for tankers unless we built some ourselves.

As I remember, the defense feature included not only the matter of speed, but also the problem of the division of tanks and all that went with it.

Mr. WILLIAMS. That is true; but the extra defense features cost only about $180,000 or $200,000 a tanker, whereas the speed item was to cost about $1 million payable by special trade-in allowance.

Mr. SALTONSTALL. On page 164 of the hearings before the Senate Committee on Appropriations this year, the following statement appears:

> It is anticipated that most of the new tankers will be constructed without allowances for national-defense features. However, the program does provide for granting such allowances as a means of insuring construction of vessels with speeds suitable to meet military requirements. Accordingly, it is estimated that at least three of the new tankers will require defense features.

What we are trying to do, without having the United States Government own all the tankers operated in this country, is to have new tankers built by commercial companies, and to have the tankers available, if necessary, for defense purposes.

Mr. WILLIAMS. I am in complete accord with the Senator's objective. I supported the legislation at the time it was passed; and I still support it. But I think the Senator from Massachusetts will agree with me that the Government is not getting for the money it is putting up that which Congress authorized and

thought the Government would get, namely, a high-speed tanker program. Three out of the four, or 75 percent, of the fixed contracts which have been let have been for the same old slow-speed tankers, and they are being subsidized at the high-speed tanker rate.

Mr. SALTONSTALL. It is my memory that the T-2 tankers had a speed a good deal less than 16 knots. I do not remember whether it was 12 or 14 knots.

Mr. WILLIAMS. Some of them had around that speed. But the point is that we were speaking of 18 knots, and the bill which was passed, providing for subsidies for the construction of 18-knot tankers, was justified on the basis that with the modern-day speed of our fleet, we would need, in the event of war, high-speed tankers. I still agree with that view. We are paying for that type of tanker fleet but we are not getting it. Only one tanker with a speed of 18 knots or better has been provided for. All the others thus far contracted for have been the slow-speed type, yet they were paid the same subsidy or special trade-in allowance approved for 18-knot tankers.

Mr. SALTONSTALL. I will not disagree with the view expressed as to high-speed tankers, because I do not remember that point. But I do remember that the 18-knot feature was to apply to the 20 ships which were to be constructed especially for Navy purposes, and to be leased to the Navy for a period of 10 years. The speed of 18 knots did enter into the picture so far as certain of the tankers were concerned.

I am wondering whether the distinguished Senator from Delaware, who has an excellent memory and who is very factual in his statements, did not become confused as between the two types of tankers, which are completely different.

Mr. WILLIAMS. I may very readily have become confused, but if I did, the officials in the departments downtown became confused, too, because Mr. Nichols, the budget officer of the Maritime Board, prepared a memorandum of the record of contracts and I am quoting from his memorandum. There is a lot of confusion in the maritime department as to what they have done or what they plan to do, so it would be very easy for any of us to get mixed up here.

But I am not mixed up when I say we have been paying for something we did not get. Nor is there any confusion but that the authorization and appropriation for these tankers was obtained on the basis of the need for 18-knot tankers.

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

Mr. WILLIAMS. I yield first to the Senator from New Hampshire. Then I shall yield to the Senator from Maryland.

Mr. BRIDGES. I wish to say to the distinguished Senator from Delaware that so far as the Senator from New Hampshire is concerned, I think when Congress appropriates money, the Department should spend the money exactly for the purposes for which it was appropriated. Regardless of the result of the proposal of the Senator from Delaware, I think this colloquy will do some good. If Congress appropriates money to obtain 18-knot tankers, that is what should be obtained. I do not like the idea of departments going behind the back of Congress, after Congress has taken action, and doing something else. On the other hand, I will say that the distinguished chairman of the Committee on Interstate and Foreign Commerce [Mr. MAGNUSON] has called my attention to the fact that a subsidy is paid based on the ratio of the cost, so that the subsidy will automatically be less if the cost of the tanker is less, which would be the case with regard to the lower-knot-speed tankers. I agree with the Senator that when Congress appropriates money for a certain purpose, the intent of Congress should be carried out.

Mr. WILLIAMS. The whole program was justified on the basis that we needed high-speed tankers for national defense, and we are not getting them. What is worse, the Department did not tell the Committee on Appropriations it had made any change in the rules.

Furthermore the subsidy in this instance is based, not on the cost of the tanker, but speed. The extra trade-in allowance or subsidy was to be for the extra 2 or 3 knots speed.

Mr. MUNDT. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield to the Senator from South Dakota.

Mr. MUNDT. I wish the Senator would enlighten me on one point which has disturbed me as a member of the Permanent Subcommittee on Investigations, which about 2 years ago held a long series of hearings involving the disposal of surplus tankers, which not only were sold to former Government employees, who organized tanking companies at a tremendous loss to the Government, but we apparently had so many tankers at that time that we sold them to the Greeks and Venezuelans and people all over the world at very low prices. There have been some scandals in that connection and some indictments in court have been returned. I wish the Senator would give us some assurance that we are not building the same type of tankers which we were selling in return for Greek drachmas and other currency of low value.

Mr. WILLIAMS. There has been some improvement in the tankers being built, but at the same time what are being built today under this subsidized program are tankers which last year witnesses from every agency of the Government dealing with the subject said were obsolete, including the Secretary of Commerce, the Chairman of the Maritime Commission, and the Secretary of the Navy, who testified before the committee last year in justification of the program.

Mr. MUNDT. At least we can be assured, then, that we are not reproducing the type of tanker which we gave away or sold, at a low cost, to anyone who desired to buy a tanker.

Mr. WILLIAMS. Perhaps not, but we are building tankers which were said a year ago to be obsolete. We are subsidizing their construction on the same basis as if they were the modern design. No one here attempts to dispute that fact.

Mr. MAGNUSON. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield.

Mr. MAGNUSON. I hope there will be no misunderstanding as a result of the colloquy which has taken place. What the Senator from South Dakota is talking about is that after the recent war we found we had on hand more than 2,000 ships, and Congress passed the Ship Sales Act. At that time we set a fair price on the ships, considering the market at the time Congress passed the bill. The Government recovered almost 42 percent of the cost of the ships which were sold, which was a great deal more than the percentage of recovery in the sale of any other surplus property which we had on our hands at the end of the war. Some persons bought tankers. We were in the market to sell them. World tension in the meantime increased. The supply of tankers became tight. Persons who had purchased them made some money by selling them. They could have lost money just as easily as they made it. At the time the ship sales bill was passed unanimously by Congress, we thought we were getting even more than we could have reasonably expected to get.

Mr. MUNDT. What the Senator has said illustrates the point I made, which was that the ships were built for 100 cents on the dollar, and sold for 42 cents on the dollar.

Mr. MAGNUSON. But after the war we found ourselves with 2,000 surplus ships on our hands. We still have 1,000 ships in mothballs.

Mr. MUNDT. I am trying to get away from the idea of obtaining or purchasing a great amount of material, whether it is hamburgers or anything else.

Mr. MAGNUSON. I remind the Senator that this occurred during the war.

Mr. MUNDT. I understand what the Senator has said. I am trying to find out whether we are building the same type of ships which we sold, or whether they are a different type. I should like to have that information from the tanker expert, the chairman of the committee.

Mr. MAGNUSON. What the Senator from Delaware has said is correct. Witnesses appeared before the committee and said 18-knot tankers would be built. For some reason the Department of the Navy or the Department of Defense decided 16½-knot or 17-knot tankers would be satisfactory. But I remind the Senator that the size of the subsidy is in ratio to the cost of construction of the ships. As it costs less to build 16½- or 17-knot tankers, as against building 18-knot tankers, the subsidy is reduced in ratio to the cost.

Like the Senator from Delaware, I am no expert on the matter, although I have had a liberal education on it. If the Defense Department says that 16½-knot tankers are satisfactory, that is all right with me. The question is whether we want tankers or do not want them.

Mr. WILLIAMS. I point out to the Senator from Washington that the subsidy or special trade-in allowance which was allowed on the 16½-knot tankers was exactly the same as would have been allowed on 18-knot tankers. The computation is made on a depreciated value

basis for the old tanker, and not on the basis of the difference between the cost of the 16½-knot tankers and 18-knot tankers. The subsidy was for the extra speed, which we did not get. When the decision was made by the Defense Department not to insist on the high speed of 18 knots in the new tankers then the subsidy should likewise have been stopped.

I have in my hand a chart which shows the amounts being allowed for vessels traded in for new ones, which I ask unanimous consent to have printed at this point in the RECORD, Mr. President.

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

Tanker trade-in-and-build program

(A) ACCOMPLISHED CONTRACTS

Ship	Type	Date of delivery from shipbuilder	Construction cost (exclusive of national-defense features)	Cost of national-defense features	Date of title transfer to purchaser	Net sales price, adjusted statutory sales price less allowances	Proposed allowance
Cities Service Co. (7 old vessels as part payment for 1 new 16½-knot tankers):							
Bull Run	T2-SE-A1	July 12, 1943	$2,771,565	$121,000	May 29, 1947	$1,572,619.68	$850,015
Petrolite	(1)	(1)	(1)	(1)	(1)	(1)	943,449
Abiqua	T2-SE-A1	Oct. 31, 1943	3,737,711	50,000	Sept. 21, 1946	1,713,364.23	939,329
Lone Jack	T2-SE-A1	Oct. 31, 1944	2,496,081	180,000	Sept. 26, 1946	1,825,048.25	1,047,208
Paoli	T2-SE-A1	Nov. 11, 1944	2,472,954	180,000	Jan. 14, 1947	1,797,871.70	1,037,823
French Creek	T2	Dec. 20, 1944	2,679,291	180,000	Dec. 20, 1944	1,896,398.00	987,843
Logans Fort	T2-SE-A1	Apr. 11, 1945	2,384,481	180,000	Aug. 22, 1947	1,738,466.44	1,069,458
Total							6,875,125
Texas Co. (2 old vessels as part payment for 1 new 18½-knot tanker):							
Florida	T2	Oct. 13, 1937	1,969,016	(1)	(1)	(1)	420,961
Rhode Island	T2	Dec 23, 1937	1,969,016	(1)	(1)	(1)	429,596
Total							850,557

[1] Not available.

(B) AGREEMENT IN ADVANCED STAGES OF NEGOTIATION

Esso Shipping Co. (5 vessels for 2):							
Esso Cumberland	T2-SE-A1	May 27, 1944	$2,431,750	$180,000	Nov. 20, 1946	$1,754,449.44	$1,078,777
Esso Lynchburg (Chalmette)	T2-SE-A1	June 19, 1944	2,832,885	80,000	Jan. 14, 1948	1,595,011.04	1,015,714
Esso Roanoke	T2	July 14, 1944	2,621,214	180,000	July 14, 1944	1,839,119.00	991,488
Esso Memphis	T2	June 28, 1944	2,656,967	180,000	June 28, 1944	1,834,677.00	973,371
Esso Parkersburg (Fort Cornwallis)	T2-SE-A1	Apr. 27, 1944	2,420,257	180,000	Oct. 16, 1946	1,755,837.48	1,066,825
Applicants estimated value as at Dec. 31, 1954							5,126,175
Less estimated depreciation to date of acceptance							−126,175
Estimated trade in							5,000,000
National defense features							2,000,000
Total							7,000,000

Mr. WILLIAMS. Mr. President, the chart shows the names of the vessels involved, the dates they were constructed, the total cost to the United States Government, the price at which they were sold to the companies, and the prices they brought as trade-ins, and again I point out the allowance for the trade-ins on the slow-speed tankers was just as high as for the faster speed.

Mr. MAGNUSON. The Senator from Delaware is correct. I suspect the trade-in allowance was pretty much a uniform trade-in allowance for certain types of tankers. The only reason for the program was that we would get some new, modern tankers. I am sure the Senator from Delaware, the Senator from Massachusetts, and the Senator from Maryland do not dispute that, for some reason, the Defense Department decided that 16½-knot tankers were just as satisfactory as 18-knot tankers; but the recapture transaction is subject to the total cost, less the trade-in.

Mr. WILLIAMS. But the chairman of the committee will agree with me on this point, will he not? The Secretary of Commerce, Mr. Weeks, testified before the committee that the only justification for subsidy in this instance was the fact that the tankers were going to be high-speed ones.

Mr. MAGNUSON. That is correct.

Mr. WILLIAMS. The tankers we received were not made high speed, and the Department still paid the subsidy.

Mr. MAGNUSON. They paid in ratio to the total cost.

Mr. WILLIAMS. They still paid the subsidy; did they not?

Mr. MAGNUSON. Yes.

Mr. WILLIAMS. That is the point I am trying to bring out.

Mr. MAGNUSON. Let me ask the Senator to bring out another fact, however.

Mr. WILLIAMS. Mr. President, I should like to have this $23 million stricken from the bill. I should like to see Secretary Weeks and the Chairman of the Maritime Commission asked to go before the Appropriations Committee and, if they need only 16½-knot tankers, tell the committee so; and unless they have changed their provision then no subsidy is needed. I am not in favor of having the Federal Government spend $23 million as a subsidy for the construction of tankers on the understanding that they will have a speed of 18 knots, and then have these subsidies paid to companies building the same slow speed tankers. It is a waste of the taxpayers' money and should be stopped.

Mr. MAGNUSON. I think the Senator from Delaware is absolutely correct in his remarks about the chronological details. But in this case we are dealing with appropriations for the fiscal year 1956; and what will happen in 1956, I do not know. If the Defense Department says that, for this purpose, 17-knot tankers are just as good as 18-knot or 18½-knot or 18.3-knot tankers—as specified under one of the commitments—I suppose we shall have to accept that opinion. However, the tanker program is but one part of the overall program.

Mr. WILLIAMS. I wish to say to the Senator from Washington that if the Defense Department says it needs 17-knot tankers, I will support such a program. I do not profess to be an expert as to the required speed of tankers; I know nothing about the matter. But if the Department of Defense says 17 knots is sufficient, certainly we should not pay for tankers having a speed of 18 knots.

I cannot predict what will be done in the future; but I can point out that in the past the money was used—and it was done without objection, so far as I recall—to pay for tankers which were supposed to have a speed of 18 knots, but which did not have that speed. The money has been spent and we still have an obsolete tanker fleet. I think representatives of the Department should come before the Appropriations Committee and the Committee on Interstate and Foreign Commerce and should state what they wish to do in connection with this program. I venture to say that the Senator from Washington was never told that the speed requirement would be lowered; and the representatives of the Department never said that, "We do not need as much money because we are not going to provide for the national-defense features which have been authorized."

Instead, the history of this matter shows that in the case of 4 of the tankers for which contracts were awarded—3 for Cities Service and 1 for Texaco—the same subsidy was paid, yet only 1 of the tankers had the required speed of 18 knots.

Furthermore, the tentative plans for the Gulf Oil Corp. embrace the construction of a 17-knot tanker, which, again, will have a speed of 1 knot lower than the speed we were told would be needed. On the other hand, there has been no corresponding reduction in the formula for the subsidy.

Mr. MAGNUSON. I think the bill would have been passed in any case, regardless of whether it provided for 17-knot tankers or for 18-knot tankers.

Mr. WILLIAMS. Yes, the bill would have been passed but the subsidy would have been less.

Mr. Weeks testified that the subsidy is not needed if the tankers to be constructed are to have speeds of 16½ knots. He said the only justification—and he used the word "only" in that connection—for a program of this kind is the high-speed tankers we are going to ask to have constructed.

This amendment of the committee should be defeated until we know what we are paying for. Not one member of the committee knows today.

Mr. SALTONSTALL. Mr. President, will the Senator from Delaware yield to me?

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

Mr. WILLIAMS. I yield.

Mr. SALTONSTALL. The Senator from Delaware used the word "only." It is not my understanding that speed is the only thing necessary for defense purposes, in connection with the construction of these vessels. I may be in error as to some details; but I know I am correct when I say that in the case of some of the tankers a different layout is called for, so that different types of oil, and so forth, can be carried.

Mr. MAGNUSON. Yes. Furthermore, at the present time, in view of the speed of the new type submarines, including submarines driven by atomic energy, the speed of tankers is not so important as it formerly was.

Mr. WILLIAMS. Mr. President, let me say that the Senator from Massachusetts is correct in what he has said; there are certain other national-defense features in the case of tankers, and that is true both in regards to the slow speed tanker as well as the high speed, but the cost of that part of the national defense feature is relatively low as compared to the extra cost arising from the speed factor.

In 1944, such subsidy averaged $180,000 per tanker. I understand that the subsidy now amounts to a little more, due to the increased cost of construction. But I am referring here today to the extra subsidy, under the provisions of this bill, for the construction of tankers of high speed. As Mr. Weeks pointed out, the only justification—and he definitely used the word "only" in that connection—for paying an additional subsidy in connection with the construction of these tankers is to obtain a high-speed tanker fleet. I would still back a program for a tanker fleet with a speed of 18 knots or 20 knots; but I am not willing to have the Congress provide funds for the construction of an 18-knot tanker fleet, when the tankers which have been constructed have a speed of only 16 knots.

Mr. BUTLER. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield.

Mr. BUTLER. Does not the Senator from Delaware admit that all the ships built under the appropriation carried in this bill will have a speed of 18 knots or more?

Mr. WILLIAMS. That could be the case or it could not, we do not know.

Mr. BUTLER. But the ships are contracted for, are they not?

Mr. WILLIAMS. No, the Senator from Maryland is mistaken. The Senator from Massachusetts just pointed out the situation in that respect.

Mr. BUTLER. Did not the Senator from Massachusetts say that one of the tankers had a speed of 18.3 knots?

Mr. WILLIAMS. Yes; but the Gulf Oil Corp. is also in the process of negotiating for the construction of a tanker to have a speed of only 17 knots.

Mr. BUTLER. I understand that the negotiations have been closed, and that the Department of Commerce has refused to accept any tanker or to agree to the construction of any tanker with a speed of only 17 knots.

Mr. WILLIAMS. My understanding is the same as to the last 48 hours, the Department of Commerce——

Mr. BUTLER. But does the Senator wish to have the appropriation decreased on account of the agency's past sins?

Mr. WILLIAMS. It has been only in the last 48 hours, so far as I know, that the Department of Commerce has decided that it would reject proposals to build tankers of 17 knot speed; and I understand that the Department reached that decision after it was known that this item of the bill would be opposed. Previously the Maritime Administration was seriously considering the proposal to accept 17-knot tankers. But the House committee objected, first; and now the Department of Commerce says it will not accept 17-knot tankers. How do we know that tomorrow they will not change their minds again unless the law is changed? In my opinion representatives of the Department should be called before the committee and should explain what they are doing in connection with this program.

I will agree to vote for the necessary appropriation, if it is properly justified, for the construction of tankers having a speed of 18 knots, 20 knots, or whatever other speed may be needed, but I want the money spent accordingly. However, after Congress provides the necessary funds for the construction of high-speed tankers, I do not want the money to be spent at the same ratio, but for the construction of low-speed tankers.

Three out of four tankers which have been constructed are now obsolete, according to modern standards. That was testified to last year by every witness who appeared before the committee. It is a complete waste of the taxpayers' money.

Mr. HOLLAND. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield.

Mr. HOLLAND. I call attention to the compilation appearing at the top of page 165. It covers the item to which the Senator from Delaware has been referring, namely, $23 million, of which the House voted to strike out half.

Only a small portion of the $23 million involves national-defense features—$1,500,000 in the case of three ships. All the rest is for the purchase of 20 old ships in exchange for 10 new ships. One million five hundred thousand dollars is to be used for the cost of laying up the old ships, as the Senator from Delaware knows.

So a very small item is involved in this case. I confess that I do not like any better than the Senator from Delaware does some departures which have been made in times past, in the beginning of the program. But because of that I am not willing to tie up what I believe to be a very important program.

The Senator from Delaware is really talking about half of an item of $1,500,000, or $750,000, out of a total of $38,100,000 for construction.

It seems to me that if we turn down the requests of both the Maritime Board and the National Security Council, for the National Security Council has backed the request of the Maritime Board, and also the request of the Navy, for three prototype ships, we shall be committing a very great error.

If the Senator from Delaware is willing, I should like to have this item agreed to, subject to the understanding I shall now state. First, let me say that of course I will be one of the conferees on the part of the Senate. In the conference I will do my utmost to have provision made for a watch-dog committee, to consist of members of the Senate Appropriations Committee and members of the House Appropriations Committee, to see to it that the program is carried out in accordance with the understanding of the Senate, because I thoroughly agree that, as usual in the case of the matters the Senator from Delaware discusses, there is much merit in the position he takes. I do not wish to have the point he has raised ignored. I am perfectly willing to take the position I have just stated.

I see the Senator from New Hampshire [Mr. BRIDGES]—who certainly will be a member of the conference committee—nodding his head; and of course the Senator from Massachusetts [Mr. SALTONSTALL] also is a member of the Appropriations Committee. So I am sure there will be no difficulty in obtaining, in the conference, agreement on a provision which will mean that the program will be followed much more closely than has heretofore been the case.

So I hope that the Senator from Delaware, in making this effort on his part, will not actually prevent the making of an appropriation of $38,100,000 for the construction of vessels which the

Security Council has told us are important as a part of our Nation's preparations for defense.

Mr. WILLIAMS. Mr. President, the Senator from Florida is not correct in this respect. The $23 million item we are talking about now has nothing to do with the prototype ship, the special 20-knot high-speed tanker. We are not discussing that item at all. We are discussing the program calling for 10 new 18-knot tankers. Likewise the $1½ million for special defense features for five tankers is not what we are discussing. As the Senator from Massachusetts [Mr. SALTONSTALL] has pointed out, those are national defense features, which are included in both slow-speed and high-speed tankers, and will remain in the program regardless.

We are talking about the $20 million trade-in feature in connection with these tankers. The actual subsidy on the tankers is paid in connection with the trade-in allowance. Special allowances are made if the tankers are traded in and high-speed tankers are built. The operators have been getting the allowances, but they have been building slow-speed tankers. The amount involved is $20 million and not $1,500,000.

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

Mr. WILLIAMS. I yield.

Mr. SALTONSTALL. Following up what the Senator from Florida has said, I will not be a member of the conference committee, but it seems to me that between now and the time of the conference, the conferees could get a letter from the Department of Defense and a letter from the Department of Commerce, so as to justify the position of the Senate. The House has stricken out a great deal of this program, and the Senate must justify its action.

There is much merit in what the Senator from Delaware has said. If we can get the letters to which I have referred, we can go forward. As the Senator knows, this is a very important program.

Mr. WILLIAMS. The Senate will be in session for another 30 days. I am willing to finance the program, but I want the letters in advance. I do not want to put up $23 million for an agency which has not carried out its promises in the past. Personally I am not willing to go along with such a proposal.

In resisting this amendment, I emphasize that it has nothing to do with the prototype 20-knot tanker, which can still be built with the funds left.

There is another item, in addition to the $23-million item, which will be embraced in the elimination if we can defeat the committee amendment. I refer to the item of $11,300,000 for the conversion of what are apparently represented as two obsolete cargo ships into passenger ships. I should like to show the Senate how obsolete the cargo ships are, with respect to which it is proposed to put up $11,300,000 for reconversion.

These two ships were completed and came from the shipyards new, about 2 years ago. The first one was completed new on March 26, 1953. The name of the ship is the *Free State Mariner*. It was built at the Bethlehem Steel Co. plant at Sparrows Point, Baltimore. She cost the United States Government $8,632,263. This ship was sold on May 31, 1955, to the Oceanic Steamship Co. for $4,820,446, representing a loss of about half the cost. That is behind us. That is all gone. We financed that ship and took a mortgage for about 75 percent of the sales price. Now after having sold the ship for $4,820,446, an appropriation of $5,650,000 is being asked to give to the Oceanic Steamship Co. to reconvert this same ship which it bought only 3 weeks ago. The proposal now is that it take this cargo ship and convert it into a passenger ship. A 2-year-old, $9-million ship was sold for $4,820,446. Now it is proposed to give the buyer, the Oceanic Steamship Co., over $5½ million to cover reconversion costs.

The second ship is the *Pine Tree Mariner*, which was built by the Bethlehem Steel Co. in its Quincy, Mass., yard. The cost was $9,165,864. The ship was completed new on April 3, 1953. Tentative arrangements have been made to sell this ship, if this bill goes through, to the Oceanic Steamship Co. for $4,900,200. She cost us $9,165,864. We are selling her for $4,900,200. If this bill goes through, we are going to give the company which buys her $5,650,000 supposedly to reconvert the ship into a passenger ship.

Yes, it is fantastic; 2 ships about 2 years old which cost over $17½ million being sold for between nine and one-half and ten million dollars and now 30 days later we are being asked to give the buyers $11,300,000 cash from the Treasury to spend toward improving these same ships and making them suitable for passenger service. As if that is not enough after they are put into service the proposal is that the taxpayers subsidize their operations for the next 10 years. If anyone can make any sense out of such a program, I say, vote for the committee amendment. I think it should be defeated.

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

Mr. WILLIAMS. I yield.

Mr. MAGNUSON. I hope the facts are not as stated by the Senator.

Mr. WILLIAMS. I hope they are not, either; but I am afraid they are right. I obtained these figures from the Department. I am perfectly willing to have the Senator from Washington suggest any corrections.

Mr. MAGNUSON. I know a little about the so-called Mariner program.

Mr. WILLIAMS. I am not talking about the overall Mariner program. We are not dealing with that. We are talking about 2 specific ships and $11,300,000. $11,300,000.

Mr. MAGNUSON. These are ships which were built under the Mariner program.

Mr. WILLIAMS. We are dealing with an item in an appropriation bill which calls for $11,300,000 for the conversion of two ships by the Oceanic Steamship Co. One is the *Free State Mariner*, and the other is the *Pine Tree Mariner*. Let us stay on the subject of those two ships. The amount involved in the conversion of those two ships is $11,300,000 and the same ships were sold for less than $10 million about 30 days ago.

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

Mr. WILLIAMS. I yield.

Mr. BUTLER. Does the Senator realize that if we do not convert the 2 ships on the basis he has described, but, instead, build 2 new ships of equal kind and character, the Government will have to spend approximately $17 million in subsidies, and that these ships would rust away at anchor?

Mr. WILLIAMS. If these ships are to rust away at anchor, that illustrates a further confusion in the maritime problem. About 2 years ago the Department came to Congress asking for a multi-million-shipbuilding program, on the basis that we needed a modern cargo ship program. These are some of those modern ships. It was in 1952 that we enacted the provision for that program.

Mr. MAGNUSON. Did the Senator say that the shipbuilding program involved an appropriation of $350 million?

Mr. WILLIAMS. I am not sure of the exact amount carried in the bill which passed the Senate. I think it was near that figure. At any rate, the program was passed early in 1952. These are new ships. If Senators can make any sense out of taking cargo ships to make passenger ships and then turning passenger ships into cargo ships all at the expense of the American taxpayers, then vote for the committee amendment. Personally, I do not understand it and will not support such actions.

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

Mr. WILLIAMS. I yield.

Mr. BUTLER. Does the Senator realize that these ships were built for a special purpose, in an imminent emergency? They were built practically as naval auxiliaries. Everyone knew that fact. They were not ordinary cargo ships. They were practically naval auxiliaries. We had to take a calculated risk that they might be needed in the event of an emergency.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 10, lines 15 and 16.

Mr. MUNDT. Mr. President, I shall not detain the Senate more than a minute or two. I shall not discuss controversial matters. Perhaps I can finish in less time. The majority leader is smiling.

I cannot resist the temptation to call the attention of the Senate, which, along with the rest of America, confronts a serious, critical situation in agriculture, to the fact that we have before us an analogous situation which should give cause to ponder to those who have been resisting the effort to provide adequate support prices for farmers.

The distinguished Senator from Washington [Mr. MAGNUSON] has said that we accumulated too many tankers during the war. We sold them for 42 percent of what they cost us. We accumulated too much wheat during the war. If we could have got rid of that wheat on a 42-percent basis our agricultural problem would have been easily solved.

We are about to vote for a subsidy to provide new tankers because we need them. But when it comes to the consideration of the farm problem, we say

that we must not have any price supports. At least, we have some hesitancy about providing them.

It seems to me that the two cases are parallel. They are Siamese twins, in effect. The unhappy thing about Siamese twins is that when they are operated upon to separate them, one of them usually dies. In this case it always seems that it is the agriculture Siamese twin which dies.

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

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, a parliamentary inquiry.

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

Mr. WILLIAMS. There seems to be some misunderstanding. If a Member of the Senate is opposed to including the items which I have discussed, his vote would be "nay," as I understand, and if he wanted to include the items in the amendment, his vote would be "yea." Is that correct?

The PRESIDING OFFICER. The Senate is now voting on the committee amendment at page 10, lines 15 and 16, to strike out "$64,700,000" and insert in lieu thereof "$102,800,000."

The legislative clerk resumed and concluded the call of the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oregon [Mr. MORSE], and the Senator from North Carolina [Mr. SCOTT], are absent on official business.

The Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate until June 21, 1955, on behalf of the Senate Appropriations Committee to conduct an on-the-spot study of specific matters relating to our foreign-aid program.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

The Senator from Georgia [Mr. GEORGE] is unavoidably absent.

On this vote, the senior Senator from Kentucky [Mr. CLEMENTS] has a general pair with the junior Senator from Illinois [Mr. DIRKSEN].

The senior Senator from Montana [Mr. MURRAY] has a general pair with the senior Senator from Michigan [Mr. POTTER].

I also announce that if present and voting, the Senator from Massachusetts [Mr. KENNEDY] would vote "Yea."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from New Hampshire [Mr. COTTON], the Senator from Vermont [Mr. FLANDERS], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Iowa [Mr. HICKENLOOPER] are absent on official business.

The Senator from Maryland [Mr. BEALL] and the Senator from New York [Mr. IVES] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate to attend the funeral of close personal friends.

The Senator from Nebraska [Mr. CURTIS] is necessarily absent on public business.

The Senator from Illinois [Mr. DIRKSEN] is absent on official business for the Committee on Appropriations.

The Senator from Michigan [Mr. POTTER] is absent by leave of the Senate to attend International Labor Organization meeting in Geneva, Switzerland.

The Senator from Iowa [Mr. MARTIN] is detained on official business.

The Senator from Illinois [Mr. DIRKSEN] has a general pair with the Senator from Kentucky [Mr. CLEMENTS].

The Senator from Michigan [Mr. POTTER] has a general pair with the Senator from Montana [Mr. MURRAY].

If present and voting, the Senator from Maryland [Mr. BEALL] and the Senator from Nebraska [Mr. CURTIS] would each vote "yea."

On this vote, the Senator from New York [Mr. IVES] is paired with the Senator from Iowa [Mr. MARTIN]. If present and voting, the Senator from New York would vote "yea" and the Senator from Iowa would vote "nay."

The result was announced—yeas 53, nays 20, as follows:

YEAS—53

Barkley	Hruska	Monroney
Bennett	Humphrey	Neely
Bible	Jackson	Neuberger
Bridges	Johnson, Tex.	O'Mahoney
Bush	Johnston, S. C.	Pastore
Butler	Kilgore	Payne
Case, N. J.	Knowland	Purtell
Chavez	Kuchel	Robertson
Daniel	Langer	Saltonstall
Duff	Lehman	Smathers
Ellender	Long	Smith, Maine
Ervin	Magnuson	Smith, N. J.
Gore	Malone	Stennis
Green	Mansfield	Symington
Hayden	Martin, Pa.	Thye
Hennings	McClellan	Watkins
Hill	McNamara	Wiley
Holland	Millikin	

NAYS—20

Aiken	Dworshak	Schoeppel
Barrett	Frear	Sparkman
Bender	Jenner	Thurmond
Bricker	Kerr	Welker
Carlson	McCarthy	Williams
Case, S. Dak.	Mundt	Young
Douglas	Russell	

NOT VOTING—23

Allott	Dirksen	Kefauver
Anderson	Eastland	Kennedy
Beall	Flanders	Martin, Iowa
Byrd	Fulbright	Morse
Capehart	George	Murray
Clements	Goldwater	Potter
Cotton	Hickenlooper	Scott
Curtis	Ives	

So the committee amendment on page 10, lines 15 and 16, was agreed to.

Mr. BRIDGES. Mr. President, I wish to say for the benefit of the Senator from Delaware [Mr. WILLIAMS], who, I think, performed a good service in bringing out this matter, that in supporting the committee amendment many Senators, certainly, with respect to one phase of it, supported it because of contracts having been made. But I think, certainly, when the Maritime Commission is given money, as it was, for a definite objective, the Commission, or Mr. Rothschild as Chairman, or anyone else, has no right to go around the intent of Congress as to the purpose for which the money was appropriated.

Mr. WILLIAMS. I thank the Senator from New Hampshire. I hope the discussion which we have had will help, and I am sure the committee will try to correct these conditions. But, on the other hand, I wish to point out that the contracts for which this money is authorized have not all been made and I hope that they will give this problem their immediate attention. I received a letter from the Acting Chairman of the Maritime Administration in which he said further contracts would be made if we authorized the money.

I point out again that we are subsidizing the construction of 18-knot tankers when, in reality, we are getting nothing but the same slow-speed tankers. We have not been getting what we have been paying for.

I think there should be no misunderstanding, and I certainly hope something can be done in regard to the correction. I appreciate the assurances of the Senator from New Hampshire.

The other phase of the operation, which I hope the committee will examine is that where 2 years ago two ships were completed at an average cost of $9 million apiece, and which, in the past few weeks, have been sold for an average of $4¾ million apiece, then in this appropriation bill just approved by the Senate vote the buyer will get $11,300,000 as a subsidy toward the reconversion costs of these same two ships.

This $11,300,000 subsidy which the Senate has just voted to give to this company toward their reconversion costs represents about $1½ million more than they paid us for the ships only 30 days ago.

It is even more complicated than that. The Government holds a mortgage for about 75 percent of the original purchase agreement.

The PRESIDING OFFICER. The clerk will state the committee amendment on page 9, line 20.

The amendment was, under the subhead "Maritime Activities," on page 9, line 20, after the word "For", to insert "construction as authorized by sections 701 and 702 of the Merchant Marine Act, 1936, as amended (46 U. S. C. 1191, 1192), of one prototype tanker and two prototype cargo ships; for."

Mr. HOLLAND. Mr. President, I think I correctly understood the Senator from Delaware to say that necessarily the amendment which we have

voted upon would carry with it the adoption of the amendment which is now before us.

Mr. WILLIAMS. I think that is correct. The previous action of the Senate makes the adoption of this automatic.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The next amendment was on page 11, line 7, after the word "States", to strike out "Provided further, That no funds contained in this act may be used to commence construction, reconstruction, conversion, reconditioning or betterment of any vessel until the total Federal funds required to complete such work have been appropriated."

The amendment was agreed to.

The next amendment was, on page 11, line 17, to strike out "$90,000,000" and insert "$115,000,000."

Mr. WILLIAMS. Mr. President, I will take only a few minutes on this particular amendment. This is a proposal to increase the amount of operational subsidies from $90 million to $115 million. Last year, in the regular appropriation bill, we appropriated $65 million. It is a question of how far we wish to go in paying a subsidy for the operation of ships of which we have already subsidized their construction. I shall ask only for a voice vote, to save the time of the Senate, but, at the same time, I think the amendment should be rejected. I again point out that a part of this subsidy will go to subsidize the operation of the same two ships the sale of which I mentioned a short while ago. Unquestionably this whole question of operational subsidies has been carried too far and here is a chance to cut them back. These are not firm contracts and we can properly make the cut.

Mr. HOLLAND. First, the committee restored the budget amount; second, we believe that amount will have to be paid this coming year; third, if it is not paid, the United States will suffer, and no one else.

There is a recapture clause, under which we have already reclaimed approximately $95,916,000 and we are reclaiming every month amounts from the successful carriers. If we make it necessary for them to borrow in order to pay interest, we will simply defeat the recovery provision.

Mr. WILLIAMS. The recapture clause is not quite that handy. The recapture clause only works wherein the Government can reclaim 50 percent of the profits after the company has earned 10 percent on its investment. Therefore, this recapture clause does not take care of the situation any more than the 52 percent corporation tax rate would eliminate the need for a renegotiation authority. Many different lines are now coming in to be subsidized. A few years ago they were not because world shipping rates were high and they made a lot of money. When, at the expense of the American taxpayers, we so generously gave wheat to India a few years ago the freight rates from the United States to India had been averaging from $10 to $12.50 a ton. After Congress authorized the multimillion dollar gift to India, the freight rates on grain to India were raised to $22 or $25 a ton. Now they are down again to $12 a ton.

Those are the operators who are asking to be subsidized, because now there is not quite as much shortage in shipping space, thereby tending to drive freight rates down.

The same rapid increase in freight rates for oceanic shipping took place after the Marshall plan was approved and after the Korean war broke out. The companies jumped their rates from 200 to 300 percent, and some of them even leased their ships to Russian satellites in a greedy effort to get all the traffic could bear.

Now with world conditions improving and rates becoming more competitive they want the American taxpayer to take over and guarantee them a profit. It is time to call a halt and the committee amendment providing an extra $25 million over the House bill should be defeated.

My own opinion is that those shipping lines which excessively raised their rates on the United States Government when we needed ships should be refused any subsidy now.

I think we are making a mistake to put this extra burden on the taxpayers' back. The same operators will raise their rates again, when it is profitable to do so.

I hope this amendment will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment. [Putting the question.]

The ayes appear to have it.

Mr. WILLIAMS. Mr. President, I ask for a division.

On a division, the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment which was passed over.

The next amendment was, on page 12, line 10, to strike out "eighteen hundred and forty-seven" and insert in lieu thereof "two thousand."

The amendment was agreed to.

The next amendment was, on page 12, beginning in line 13, after the word "year", to strike out "of which not less than one hundred and twelve shall be for operators who have not held contracts prior to July 1, 1955."

The amendment was agreed to.

The next amendment was, on page 12, line 19, after the word "Administration," to strike out "$14,000,000" and insert "$14,700,000."

The amendment was agreed to.

The next amendment was, on page 13, line 2, after the word "warehouse", to strike out "$1,085,000" and insert "$1,345,000."

The amendment was agreed to.

The next amendment was, on page 13, line 3, after the word "expenses", to strike out "$6,960,000" and insert "$7,400,000."

The amendment was agreed to.

The next amendment was, at the top of page 17, to insert:

Vessel operations revolving fund: Hereafter the vessel operations revolving fund, created by the Third Supplemental Appropriation Act, 1951, shall be available for necessary expenses incurred, in connection with protection, preservation, maintenance, acquisition, or use of vessels involved in mortgage-foreclosure or forfeiture proceedings instituted by the United States, including payment of prior claims and liens, expenses of sale, or other charges incident thereto; for necessary expenses incident to the redelivery and lay-up, in the United States, of ships now chartered under agreements which do not call for their return to the United States; for payment of expenses of custody and husbanding of Government-owned ships other than those within reserve fleets; and for payment of expenses of emergency repairs of ships in reserve fleets: *Provided*, That said fund shall be credited with all receipts from charter of Government-owned ships under the jurisdiction of the Secretary of Commerce.

Mr. RUSSELL. Mr. President, it seems to me that this amendment is legislation. I should like to have a reason given for the amendment.

Mr. HOLLAND. Notice has been filed with respect to this particular amendment. If the Senator from Georgia would not mind passing over this amendment, so that we may dispose of other amendments, I shall be glad to come back to the amendment and give an explanation.

Mr. RUSSELL. That is agreeable to me.

Mr. HOLLAND. Mr. President, may the Senate proceed to other amendments?

The PRESIDING OFFICER. Without objection, the amendment at the top of page 17 will be temporarily passed over.

The next committee amendment will be stated.

The next amendment was, on page 26, after line 2, to insert a new section, as follows:

SEC. 105. Hereafter the position of Budget Officer of the Department shall be in GS-17 of the General Schedule established by the Classification Act of 1949 so long as the position is held by the present incumbent.

The amendment was agreed to.

The next amendment was, on page 31, after line 15, to insert:

SEC. 206. Notwithstanding the provisions of any other law the officer of the Army now serving as Governor of the Canal Zone shall, effective July 1, 1955, be considered to hold the grade of major general for all purposes, without regard to any limitations on the number of officers in that grade, and while so serving shall receive the pay and allowances of an officer of that grade and his length of service, and when retired under any provision of law shall be advanced on the retired list to such grade and shall receive the retired or retirement pay at the rate prescribed by law computed on the basis of the basic pay which he would receive if serving on active duty in such grade.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments, except the one on page 17, which was passed over.

Mr. HOLLAND. Mr. President, if the Senate will take up at this time an amendment requested by the Department of Commerce, which I had printed in the RECORD yesterday for the information of Senators I have a letter from the Secretary of Commerce, making clear that an item of $375,000 had been omitted. This item is required for administrative and warehouse expenses

during the fiscal year 1956, in the event the ship construction projects shall be allowed. The amendment has been checked, and it is very clear that it was included in the justification but was omitted from the bill by mistake. The committee thinks it should be added.

The place requested for the inclusion of the amendment is on page 10, line 19, and the amendment is to strike out "$900,000" and insert in lieu thereof "$1,275,000."

Mr. WILLIAMS. Mr. President, a parliamentary inquiry.

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

Mr. WILLIAMS. As I understand, we are not dealing at this time with the amendment on page 17, which was passed over.

The PRESIDING OFFICER. No, that amendment is not now being considered. The Senate is considering a new amendment which has been suggested by the Senator from Florida.

Mr. HOLLAND. It is an amendment to provide for the expenses of administration necessarily required if the ship construction amendments are adopted.

The PRESIDING OFFICER. The amendment offered by the Senator from Florida will be stated.

The CHIEF CLERK. On page 10, line 19, it is proposed to strike out "$900,000" and insert in lieu thereof "$1,275,000."

The amendment was agreed to.

Mr. GREEN. Mr. President, I offer an amendment, which I ask to have read.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Rhode Island.

The CHIEF CLERK. On page 25, line 2, it is proposed to strike out "$5,000,000" and insert in lieu thereof "$7,500,000."

Mr. HOLLAND. Is my understanding correct that the Senator from Rhode Island has reduced the amount provided in his original amendment by $2,500,000?

Mr. GREEN. Earlier I offered an amendment, but I do not intend to call it up. Instead, I have offered a new amendment providing for one-half the amount included in the first amendment I offered. The new amendment has the same sponsors.

Mr. HOLLAND. The committee felt, and still feels, that it has dealt rather generously with the subject of hurricane relief, and the like. At the same time, we do not wish to withhold anything which can be done within reason. We are willing to take the amendment to conference, in the hope that an agreement may be reached, and that the funds can be used effectively in the fiscal year 1956.

Mr. THURMOND. Mr. President, as a cosponsor of the Green amendment and a representative of a State that has lost many lives and millions of dollars in damages due to hurricanes and tornadoes, I want to urge the Senate to approve this increase in funds to provide our country with the most adequate protection possible against these weather hazards.

On October 15, 1954, thousands of residents of South Carolina sustained millions of dollars in damages as a result of Hurricane Hazel. This hurricane unexpectedly turned inland in the vicinity of Myrtle Beach, S. C.—one of the finest beach resorts in the world—and virtually ripped up that beach, many others in the area, and then turned further inland to cause still more damage to our farm crops and other property.

One function of the Weather Bureau stations along our coasts is to issue warnings of tornadoes and hurricanes in advance so our people can at least prepare for the worst. Even with the present limited facilities, our Weather Bureau has saved untold lives and damage. According to expert testimony, long-range radar equipment is most useful in tracking down these hazards.

The Green amendment would provide an additional appropriation of $2,500,000 to equip 55 of our stations with this modern equipment. This is considerably less than the number experts say we need. I believe we can well afford this additional outlay in expenditures which could save many lives and property losses.

Mr. President, I yield to no one in my earnestness to reduce unnecessary government expenditures, but anytime we can spend a few million dollars to save many million dollars—not to mention the safety of our population—then I believe that is sound Government economy.

Mr. PASTORE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "Tornadoes and Warnings," published in the New York Times of Thursday, June 16, 1955.

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

TORNADOES AND WARNINGS

While those of us who live on the eastern seaboard have been forced to become acutely hurricane-conscious during the past few years, we tend to forget the weather scourge of the inland areas—tornadoes. Figures compiled by the Weather Bureau and released this week should go far to restore our perspective. From 1916 to 1955 about 7,000 tornadoes killed about 9,000 people and caused property damage of close to $800 millions—a yearly average of 225 deaths and $20 millions of damage. Nor is the East entirely immune, as residents of Worcester, Mass., well know. On June 9, 1953, a twister tore across that city, leaving 90 dead and $60 millions of damage to property.

As with hurricanes, the Weather Bureau issues warnings of tornadoes in advance which, even with the present far too limited facilities, have saved untold lives and damage. Most useful in tracking them is long-range radar. A group of nine Senators, led by Mr. GREEN, of Rhode Island, is working to increase by $5 millions the Weather Bureau appropriation now before the Senate. This would cover a 5-year program to provide for 55 new storm-detection radar stations—25 less than expert testimony showed are needed. The tornado record, as well as that of hurricanes, dramatically underlines the urgency of this increase.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island [Mr. GREEN], for himself and other Senators.

The amendment was agreed to.

Mr. HOLLAND. Mr. President, if the Senate will return to the one committee amendment remaining, I think I will be able to explain it briefly.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the top of page 17, the committee proposes to insert the following:

Vessel operations revolving fund: Hereafter the vessel operations revolving fund, created by the Third Supplemental Appropriation Act, 1951, shall be available for necessary expenses incurred, in connection with protection, preservation, maintenance, acquisition, or use of vessels involved in mortgage-foreclosure or forfeiture proceedings instituted by the United States, including payment of prior claims and liens, expenses of sale, or other charges incident thereto; for necessary expenses incident to the redelivery and lay-up, in the United States, of ships now chartered under agreements which do not call for their return to the United States; for payment of expenses of custody and husbanding of Government-owned ships other than those within reserve fleets; and for payment of expenses of emergency repairs of ships in reserve fleets: *Provided*, That said fund shall be credited with all receipts from charter of Government-owned ships under the jurisdiction of the Secretary of Commerce.

Mr. WILLIAMS. Mr. President, I think the amendment on page 17, line 1, is legislation on an appropriation bill. I make a point of order against it.

Mr. KNOWLAND. Mr. President, will the Senator from Delaware withhold his point of order at least to allow the Senator from Florida to make an explanation as to why the Senate Committee on Approporiations thought it was advisable to submit the amendment to the Senate?

Of course, notice was given under the rule that a motion would be made to suspend the rule. But I think it would be for the benefit of the Senate, while a large number of Senators are present, to permit the Senator from Florida to make a brief explanation of the amendment. After that, the Senator's point of order could be raised, and a motion could be made to suspend the rule.

The PRESIDING OFFICER. The point of order is well taken.

Mr. HOLLAND. The Senator from Florida has given the requisite notice on this amendment. I move that the rule be suspended, and that the amendment be considered notwithstanding the rule.

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

Mr. WILLIAMS. Mr. President, an explanation of the amendment would be proper, would it not?

The PRESIDING OFFICER. Yes.

Mr. HOLLAND. I shall be glad to make an explanation. I thought I would be given the courtesy of doing so before the point of order was raised.

Mr. WILLIAMS. I was willing to withdraw it, but the Chair had ruled. I think we should have an explanation of the item.

The PRESIDING OFFICER. The Senator from Florida may make his explanation.

Mr. HOLLAND. The full explanation will appear on pages 185 and 186 of the committee hearings, if anyone wants to read it in detail. In brief, the explanation is that the Bureau of the Budget

requested new words in the law to make the revolving fund now set up and operated by law applicable to ships of the United States which are recovered under foreclosure—that is ships which have been sold subject to mortgage, and the mortgage later foreclosed—so that the ships may come back to the Federal Government.

The revolving-fund provision as now written does not allow the funds to be used as to recaptured ships. The new wording was requested by the Bureau of the Budget, so far as I know, without opposition. It is designed to let the recaptured ships take their place in the reserve fleet, where advantage of the revolving fund may be taken.

Mr. WILLIAMS. What concerns me is the language:

Provided, That said fund shall be credited with all receipts from charter of Government-owned ships under the jurisdiction of the Secretary of Commerce.

It seems to me that is directing the funds of the Government from the charters into what can be a perpetual revolving fund, and was not explained by the Senator from Florida.

Mr. HOLLAND. All I can say with respect to that is that some of these ships are chartered from time to time, just as reserve-fleet ships are chartered. The Senator has referred to lines 15, 16, and 17, on page 17 of the bill. It was to make it clear that the money received by the Government from the charter of these recaptured ships was applicable to the revolving fund, just as if the ships were out of the original reserve fleet.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida to suspend the rule.

The motion was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment on page 17, beginning at line 1.

The amendment was agreed to.

The next amendment was on page 17, after line 17, to insert:

Inland Waterways Corporation (administered under the supervision and direction of the Secretary of Commerce): Not to exceed $14,000 shall be available for administrative expenses to be determined in the manner set forth under the title "General expenses" in the Uniform System of Accounts for Carriers by Water of the Interstate Commerce Commission (effective January 1, 1947).

The amendment was agreed to.

REPLY TO CRITICISM OF SENATOR JOHNSTON OF SOUTH CAROLINA

Mr. LANGER. Mr. President, most Senators are familiar with attempts of private individuals to scare or intimidate Senators. Sometimes that is done by individuals, and other times by organizations clothed under high-sounding names.

Today I wish to bring to the attention of the Senate such an instance by a commission which, by innuendo, insinuation, and almost by direct accusation, is an attack on the distinguished senior Senator from South Carolina, Senator OLIN D. JOHNSTON, and myself.

As far as I am personally concerned I have, during my years of holding public office, gotten so used to being called ugly names and charged with perhaps uglier crimes, that it is like pouring water on a duck's back; but I am very much concerned with the attack on one of the most distinguished Members of this body, Senator JOHNSTON of South Carolina, whose outstanding record in behalf of the poor, the oppressed, the underprivileged, the humble, and the moneyless, has won for him the high esteem and warmest admiration, I believe, of practically every Senator in this body.

The record of Senator JOHNSTON as a friend of the underdog needs no elaboration from me. It is his hundreds of acts as a public official of South Carolina, including his years as governor of that State, and his record for the blind, the crippled, the aged, and the shell-shocked veterans, which will stand as a monument to him long after he shall have passed into the Great Beyond.

This latest attack on Senator JOHNSTON, by the so-called Kansas City Crime Commission—a copy of which attack was mailed to every one of the Senators and to the 435 Members of the House of Representatives, in my opinion, was inspired by those who would seek to destroy the usefulness of this distinguished man in this body.

It is an attack cloaked in deceit, and more insidious than if a thug had sneaked up on him in the dead of the night and stabbed him in the back. The attack is more reprehensible because it is an obvious effort to deter every Senator upon this floor from doing his duty as a Senator—an attack to deter a fearless Senator from living up to his oath of office.

This attack on the Senator from South Carolina [Mr. JOHNSTON] is one of the most horrible examples of attempted political assassination that I have seen during the 15 years that I have been a Member of this body, and it is to lay bare this despicable attempt to wreck a good man that prompts me to speak to my colleagues, and particularly to the people of South Carolina, and indirectly to the people of North Dakota. The terrible cunningness of the conspiracy to wreck a career of which any one of us might well be proud.

Senator JOHNSTON and I are members of the Judiciary Committee of the United States Senate. It is a committee that passes on roughly 54 percent of all the bills introduced in the Congress. It is a committee to which any citizen, no matter how humble, or regardless of race, color, or creed, is entitled to petition, under the Constitution of this country.

We have in this committee various subcommittees. One of these is the standing subcommittee on immigration. During the course of the year, some thousands of private immigration bills are introduced. The whole Judiciary Committee, acting through the Subcommittee on Immigration, which, during the years in which I was chairman thereof, passed upon thousands of private bills dealing with immigration and deportation.

In the course of his duty, there was presented to Senator JOHNSTON, the case of Nicolo Impestato. Due to the fact that I had been chairman of this committee, Senator JOHNSTON brought this case to my attention, with the result that a private bill was introduced to stop the deportation of this man.

I have never met Mr. Nicolo Impestato, nor his lawyer, nor any friend of his, and no one else has ever talked to me about this case except Senator JOHNSTON. Senator JOHNSTON stated to me at that time that he had not met him, but that the case had been brought to his attention by the assistant United States attorney who prosecuted Mr. Impestato.

Now, as every Senator upon this floor knows, the Judiciary Committees of the House and Senate have made provision whereby any attempt to stop deportation of any individual is thoroughly and effectively screened.

When a bill is introduced to stop deportation, the bill is introduced in either the House of Representatives or in the Senate, and there it is referred by the Presiding Officer, generally upon the advice of the Parliamentarian, to the Judiciary Committee. The chairman of the Judiciary Committee, through his staff, then refers it to the appropriate subcommittee; and all private immigration bills are referred to the Subcommittee on Immigration of the Judiciary Committee.

This subcommittee, upon the application of any person, gives due notice to the Immigration Department, and to all others interested in a public hearing. Thereafter, the action of the subcommittee is referred to the full Committee of the Judiciary, where any one of the 15 Senators composing that committee is given every opportunity for debate and for bringing to the attention of the full committee any protests registered by anyone, including the Attorney General, any of his assistants, the Department of State, the Commissioner of Immigration and Naturalization, or any of his deputies, or anyone else, and the entire file of the person about to be deported is made available to the full committee of 15 Senators.

At this hearing of the full committee, any Senator can ask for a yea-and-nay vote. If a majority of the full committee vote against deportation, the bill will go to the floor of the Senate, where again there is opportunity for unlimited debate.

Any one of the 96 Senators can present any arguments for or against the bill. Any Senator can produce any evidence, written or oral, against the passage of this bill that may have been brought to his attention. He can read any letter, any telegram, or other matter. If the bill is passed, it then will go to the House of Representatives.

In the House of Representatives, the entire procedure I have just outlined as having taken place in the Senate Judiciary Committee will be repeated before the Judiciary Committee of the House, including proceedings before the subcommittee, the full committee, and again before the 435 Members of the House, any one of whom can object to

the bill and can state publicly his reasons therefor.

In all the hearings, the Commissioner of Immigration has an opportunity to be heard. The Commissioner of Immigration, with the millions of dollars available to him, and a large staff of investigators always consulted, always makes a written report to the subcommittee, which report in turn is sent to the full committee, and which in turn goes to the President of the United States.

The President of the United States has expert advice from the Bureau of Immigration, and as all of us know, either signs the bill or vetoes it. For instance, last week the President vetoed the Kurt Glaser bill on the ground that Glaser was an exchange student; and, as the President so clearly stated, he did not wish the exchange of students to be interfered with by having the foreign students stay in this country, when the entire theory of exchanging students was to have the students from foreign countries return to their native lands.

All this procedure is being followed in the Nicolo Impestato case. The Senator from South Carolina [Mr. JOHNSTON] introduced a bill dealing with that case, and I was a cosponsor of the bill. Then, without writing to or in any way contacting either Senator JOHNSTON or myself, the so-called Kansas City crime commission rushed a statement into the newspapers, in an obvious attempt to discredit Senator JOHNSTON and myself; and the cry was heard that Impestato was a well-known dealer in dope and other narcotics, who had been convicted in the courts; and that when the United States attempted to deport him, a bill was introduced to stop the deportation of this arch criminal.

What are the facts in the Impestato case? Mr. Impestato, with thousands of others, entered the United States illegally in the year 1924, 31 years ago. Apparently he had a good record in this country until he was indicted by the Federal grand jury in Kansas City, Mo., on April 1, 1942, for violation of the Federal narcotics laws. On November 4, 1942, he entered a plea of guilty; and on April 14, 1943, Federal Judge Albert L. Reeves sentenced him to 2 years' imprisonment. In the indictment he was specifically charged with concealment and facilitating the concealment of approximately 66 ounces of a narcotic drug, knowing at the time of concealment that they had been imported into the United States contrary to the law.

The records show that Mr. Impestato served 18 months and 60 days of the sentence, and that he was released from the institution, on a conditional release, on November 19, 1944.

In other words, he apparently made a good record in the penitentiary, and received the usual "time off" for good behavior there.

Mr. President, I know nothing about the facts in connection with the commission of this crime. Mr. Impestato may have been directly or indirectly involved. He may have been the moving spirit of he may merely have been associated with the higher-ups. But there is one person who knows all the facts, and that is the United States attorney who prosecuted him.

Mr. Impestato was released from the penitentiary on November 19, 1944, nearly 11 years ago. Apparently his record since that time has been good; or it may not have been good. In any event, the Immigration Department waited nearly 11 years before taking any steps to deport him; and it was at that point that Senator JOHNSTON interceded in the case. He did so at the request of people who believed that Mr. Impestato was not treated fairly.

Apparently during the 31 years of his residence in this country, aside from this one matter in which he became involved, Mr. Impestato's record has been good; and apparently in Missouri there are folks who believe that in matters of this kind, justice should be done.

It may be that Mr. Impestato has married an American girl, it may be that he has a large family, and that these innocent people would be vitally affected by the deportation of the husband and the father to a foreign country which he left 31 years ago. The innocent wife and children would then be without a husband and a father, and the family would be broken up; or they would accompany him to a foreign country, where they would not know a soul.

When the deportation proceedings were instituted the assistant United States attorney who prosecuted him before Judge Reeves was—and still is—the prosecuting attorney for Kansas City, Mo., and when he saw that Senator JOHNSTON and I had introduced his bill that attorney, in order to get all the facts, on May 6, 1955, wrote a letter to Senator JOHNSTON.

Mr. President, I hope all Senators will listen carefully, for I am about to read a letter from the assistant United States attorney who prosecuted this man. The letter reads as follows:

PROSECUTING ATTORNEY'S OFFICE,
Kansas City, Mo., May 6, 1955.

Hon. OLIN JOHNSTON,
Senate Office Building,
Washington, D. C.

DEAR SENATOR JOHNSTON: I am writing you this letter because I have heard that you have been criticized for having introduced Senate bill 212 to stay deportation of certain individuals who have been in this country for many years and who now it is proposed to deport and return to the country of their origin.

I have never believed in the promiscuous deportation of people who have entered this country. Partly because originally this country opened its doors to the oppressed of all the countries of the Old World to provide them new homes and new opportunities. We all know that the percentage of good and bad people of whatever nationality or racial origin runs about the same. I have felt for a good many years that persons who perhaps are unjustly prejudiced against people of certain European derivation are trying to get control of the machinery of immigration and unfairly to discriminate against the admission of certain people to this country and to bring about the deportation of others.

I enclose the carbon of a letter which I wrote to the Honorable Attorney General of the United States on September 24, 1954, protesting the movement to deport a man named Nicolo Impestato.

I handled the prosecution against him while I was in the office of the United States attorney for the Western Judicial District of Missouri. As agent and attorney for the United States with the full knowledge and concurrence of that Bureau of the Treasury Department which was concerned with his prosecution and with the full knowledge of the then United States attorney and of the senior United States judge for the Western Judicial District of Missouri, we gave him definitely to understand that if he entered a plea of guilty of the charge pending against him that there would be a recommendation of no deportation made to the judge before whom his plea of guilty was received. We did make that recommendation to the judge and the judge in turn made such order and forwarded the same to the office of the United States Attorney General.

At the time I wrote the letter, a carbon of which I am sending you with this letter I strongly felt and still feel that as a matter of honor the Government is bound by the representations made to Mr. Impestato and if he is included in your Senate bill 212 you certainly have the liberty, as far as I am concerned, to use this letter and the carbon enclosed in any manner you deem proper.

Very respectfully yours,
RICHARD K. PHELPS,
Prosecuting Attorney.

Mind you, Mr. President, that letter comes from the man who prosecuted the person who now, if the present attempt is successful, will be deported.

With that letter, written on May 6, 1955, he enclosed a letter dated September 24, 1954, to the United States Attorney General, which is as follows:

SEPTEMBER 24, 1954.

UNITED STATES ATTORNEY GENERAL,
Department of Justice Building,
Washington, D. C.

SIR: As an assistant United States attorney from 1934 to 1943 I was in charge of the prosecution of Nicolo Impestato in a suit involving illicit traffic in narcotics.

Mr. Impestato was one of a group of defendants, many of whom were tried and convicted, and Mr. Impestato entered a plea of guilty. We were morally certain that the defendant was guilty of the crime charged but as I recall our evidence was not very convincing.

While we did not bargain for the plea of guilty, yet our office did recommend to Judge Reeves, and we agreed with counsel for the defense for such recommendation, that the defendant not be deported for such violation, mainly for the reason that we did not believe in deportation as a punishment for the crime.

I have not checked the record for the purpose of ascertaining if the judge did actually make such recommendation to your office, but I do recall distinctly requesting such recommendation to be made.

I have no personal interest in this defendant and have not seen him since the trial. I have been advised, however, of the pending matter by his lawyer, Mr. James Daleo, for whom I have a high respect, but I am not writing this letter for him or for his attorney, but simply as a matter of keeping faith with the defendant, something which I always endeavored to do while I was in the Attorney General's Office. The Treasury Department knew, and the judge knew, that we were recommending no deportation order for this man, and I have always felt the Government of the United States is great enough to be able to afford to keep faith completely with any defendant, however lowly or humble shall be his station.

I have read that the question of his deportation is pending and, as I understand it, for this conviction, and I felt in honor bound to advise you of the facts of this case.

Very respectfully yours,
RICHARD K. PHELPS.

I repeat, Mr. Phelps is now the prosecuting attorney in Kansas City.

Thereafter, on confirmation of the letter received from Richard K. Phelps, prosecuting attorney, Senator JOHNSTON secured a photostatic copy of the order of the Federal Court Judge Albert L. Reeves, when he sentenced Mr. Impestato. That order is as follows:

IN THE DISTRICT COURT OF THE UNITED STATES OF AMERICA FOR THE WESTERN DISTRICT OF MISSOURI, WESTERN DIVISION

UNITED STATES OF AMERICA, PLAINTIFF, VERSUS NICOLO IMPESTATO, DEFENDANT—NO. 15377

Order

Whereas Nicolo Impestato, in the above-entitled cause, has heretofore been convicted of the violation of section 174, title 21, United States Code Annotated, and sentenced to imprisonment for a term of 2 years; and

Whereas the court at the time of passing said sentence, due notice having been given to representatives of the State, indicated that he would make a recommendation to the Attorney General pursuant to section 155, title 8, United States Code Annotated, that the said Nicolo Impestato be not deported; and

Whereas the court has on this day, due notice having been given to the representatives of the State, forwarded a recommendation of no deportation as to Nicolo Impestato pursuant to section 155, title 8, United States Code Annotated.

Now, therefore, it is ordered by the court that the clerk enter upon the records of this cause a note to the effect that such a recommendation of no deportation has been made.

ALBERT L. REEVES,
Judge.

Here we have a case in which this man, in all probability, was only directly involved in this narcotics matter. He pled guilty with a specific understanding on the part of the prosecuting attorney and on the part of the judge that there was no deportation order; and every one of us knows that a promise made to a defendant in a criminal case should be sacredly kept.

This man may have been technically guilty. He may have been without funds to fight his case all the way through to the Supreme Court of the United States, there may have been a variety of reasons why he chose to plead guilty rather than stand trial. Why should any Commission oppose an unbiased investigation?

In any event, here was a promise made by the Government of the United States, and if the Government will not keep its word, how can that Government expect any citizen of the country to do so? In any event, all that Senator JOHNSTON and I requested was that the proper committees of the Senate investigate, that witnesses be called under oath, and that the question, after going through the subcommittees and full committees of both the House of Representatives and the Senate, be finally determined by the Congress of the United States and by the President.

I ask, is not this the reason we have Judiciary Committees? Is not this constitutional right given to any man to petition as provided under the Constitution of the United States?

This man was deportable; and there is nothing that any court can do but deport him unless the Congress intervenes.

The functions of the Congress, the judiciary, and the executive, are entirely distinct under our system of Government. The courts have their duty to perform, and so has the Congress. That duty should be performed impartially, as Senator JOHNSTON endeavored to perform it without fear or favor, by submitting the case to the proper committees for any action they might consider proper.

However, without anyone writing to either Senator JOHNSTON or myself as to why the bill was introduced, big blazing headlines appeared in the press of South Carolina which are antagonistic to him.

For anyone in politics in South Carolina to have certain newspapers against him is an honor.

As I have said on other occasions upon the floor, as long as I am in the Senate, I shall continue to do my duty as I see it, as I know Senator JOHNSTON will do his duty.

The newspapers of South Carolina will not be able to scare him, or bulldoze him, or deter him from doing his duty.

To show what a lying article can do, I wish to quote a letter which I have received from Mr. V. Haney, St. Louis, Mo., in which he asks me to resign as a United States Senator because I was one of the cosponsors of this bill.

That is what the newspapers can do with their lying headlines. I suppose that every Senator on one occasion or another has had to face that kind of unscrupulous attack. The letter reads as follows:

St. Louis, Mo., June 5, 1955.

Hon. WILLIAM LANGER,
United States Senate,
Washington, D. C.

DEAR SIR: How anyone could possibly be instrumental in introducing a bill to stay the deportation of a dope peddler is beyond the imagination.

Our laws insofar as they pertain to punishment of narcotic violations are laws passed by sissies. The death penalty should be passed on all narcotic peddlers that are convicted.

There is not one shred of excuse for such a person even existing and causing all the misery and corruption they accomplish with their filthy traffic.

I would suggest you read up on the narcotic laws of Turkey. Put more teeth in the law.

If you continue to sponsor this bill I don't see how you can look your family, your constituents or any citizen in the face. If you can't in good conscience uphold the laws of the United States then you should resign from the United States Senate.

Yours truly,

V. HANEY.

The letter is typical of many similar letters I have received because of adverse publicity in this case that has been broadcast all over the United States. The distinguished Senator from South Carolina [Mr. JOHNSTON] tells me he has received similar letters, indeed, many, many letter of criticism—and all for doing his duty. All Senators who have known Senator JOHNSTON, as many of us have from our many years of association with him, know his fearlessness, his integrity, and his almost inarticulate desire to do what is right, and we know that this highly religious man, able and competent as he is, will continue to do his duty and that the people of South Carolina will not let the champion of the underdog in that State down.

When they realize the true facts in this case, when they become acquainted with the facts, they will rally behind him as a fearless friend of the underdog.

Every one of us has his faults, every one of us makes mistakes in life, but it can be said of Senator JOHNSTON that any mistakes he has made have been those of the head and not of the heart, and that when he does make a mistake he is the first to admit it.

The people of South Carolina know that, but I want publicly to pay tribute to this outstanding man, with whom I have been associated these many years on the floor of the Senate. He comes from the integral part of the South, while I come from the great Northwest. He is a Democrat, while I am a Republican, but I think we will all agree that when a dirty, underhanded, sneaky attempt is made to discredit a splendid public servant, we in this body are neither Democrats nor Republicans, but Americans doing our duty under the sacred oath and obligation we take when we enter this chamber.

I brand as contemptible the article published by the Kansas City Crime Commission, a copy of which was mailed to every Senator and every Representative, attacking a distinguished colleague of ours. They did it without writing or sending a telegram to any one of us who have introduced such bills. I have introduced private bills affecting thousands of people. I have introduced private bills for people of every nationality, and I certainly propose to keep on doing it. I do not know of a Senator who at one time or another has not introduced private bills. Certainly it is the duty of a Senator, when he feels that under circumstances such as I have named, where a man is married to an innocent woman and has a large family, and has been away from his country of origin for 30 or 40 or 50 years, to introduce that kind of bill.

Such a bill must go to the subcommittee, then to the full committee, and then must come to the floor of the Senate. Then it goes to the subcommittee of the House committee, and then to the full committee of the House. Then 435 Members of the House of Representatives must pass on it. Finally the bill goes to the President. The President calls for a report from the Commissioner on Immigration.

Therefore when I read some of these screaming headlines wrongfully accusing the Senator from South Carolina, I do not intend to sit idly by. In North Dakota the people do not pay any attention to such charges against me. I have been smeared so often they do not bother reading about them. However, in the South, some people may not have the same knowledge about Senator JOHNSTON. Therefore, as a former chairman of the Committee on the Judiciary I feel it my duty to rise on the floor today and publicly denounce a disgraceful and shameful attempt on the part of the Kansas City Crime Commission to wreck the career of this distinguished man.

Mr. JOHNSTON of South Carolina. I thank the Senator from North Dakota for bringing to the attention of the Senate some of the facts in this case. I have not become excited over it. I do not intend to become excited over it. I introduced the bill at the request of several people, and I have no apologies to make to any man or group of men. I thank the Senator from North Dakota.

DEPARTMENT OF COMMERCE APPROPRIATIONS, 1956

The Senate resumed the consideration of the bill (H. R. 6367) making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1956, and for other purposes.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 6367) was read the third time and passed.

Mr. HOLLAND. Mr. President, after the termination of the hearings by the subcommittee, but too late to include in the printed record of the hearings, the subcommittee received several communications from Senators and others. We have explained to the Senators the reason why their communications could not appear in the hearings. In order that they may appear in the CONGRESSIONAL RECORD, I ask unanimous consent that the communications may be printed in the RECORD immediately following the vote on the bill.

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

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
June 8, 1955.

Hon. SPESSARD L. HOLLAND,
Chairman, Commerce Subcommittee,
Committee on Appropriations,
United States Senate,
Washington, D. C.

DEAR SPESSARD: I understand that your subcommittee is scheduled to mark up H. R. 6367, dealing with Commerce Department appropriations, this afternoon. I regret that time does not permit me to make a fuller statement of my concern regarding portions of that bill before your subcommittee; however, I do want you to know the disadvantageous and possibly dangerous results that would ensue from the proposed closing of airways communications stations at Drummond, Livingston, and Whitehall, Mont.

As you know the CAA, operating under budget ceilings, did not request funds for continued operation of about 30 stations, including those mentioned in Montana. That is not to say that these stations are not necessary for safe instrument flying. I was told this morning by CAA officials that closing of these admittedly useful Montana stations could well impair flying service in Montana. My State, being remote, relies heavily on air transportation, and the rugged terrain and frequently inclement weather in the State necessitates frequent recourse to instrument flight rules. Veteran Montana airmen have soberly informed me that continued operation of the airways communications stations at Drummond, Livingston, and Whitehall are vital to the safety of aircraft using Federal airways in my State.

It is my understanding that the House cut the CAA's modest request by $3 million, and that restoration of that $5 million, plus appropriation of an additional $1 million to provide for continued operation of the 30 stations not provided for in the CAA request, will probably be necessary in order to provide for continued operation of the Montana stations. I would like to state emphatically my opinion that appropriation of this additional $4 million is warranted.

Senator JAMES E. MURRAY, who is presently absent on official business, wishes to associate himself completely with my views.

I shall deeply appreciate such consideration as your subcommittee gives our views.

With best personal wishes, I am,

Sincerely yours,

MIKE MANSFIELD.

JUNE 7, 1955.

Hon. SPESSARD L. HOLLAND,
Chairman, Subcommittee on Appropriations for the Department of Commerce, United States Senate, Washington, D. C.

DEAR SENATOR HOLLAND: I was astonished to learn that the Weather Bureau has never received an appropriation to purchase radar weather observing equipment. I did not know that the meager equipment it now has was salvaged from excess stocks of airborne radar equipment not even designed to detect, track, and analyze severe weather phenomena.

It was therefore very disappointing to me when the Weather Bureau's modest request for $10 million for the establishment of facilities, including the installation of storm detection radar equipment at 55 stations, was reduced to half that amount by the Bureau of the Budget.

My interest in this appropriation request stems from the fact that Oklahoma lies in the center of the tornado belt, and the fact that radar equipment has proven especially effective in detecting and tracking tornadoes, which advance at speeds of from 20 to more than 50 miles an hour.

Oklahoma is one of the States especially subject to tornadoes. During the period from 1915 to 1949, Oklahoma suffered 664 fatalities as the result of tornadoes, while during the same period nationwide there were 7,961 deaths, about 10 times that number of injuries, and property damage that cannot even be estimated. These figures, of course, do not include the tornadoes that have occurred since 1949 or those of last month which took more than 100 lives in Oklahoma and Kansas alone.

The Weather Bureau estimates that 85 modern radar stations are needed to detect, track, and analyze severe weather phenomena such as tornadoes and hurricanes. Approval of the original $10 million request would have enabled the Bureau to equip 55 of the 85 needed stations with radar. As reduced to $5 million by the Budget Bureau, and approved by the House, only 12 stations can be equipped. By increasing the figure to $10 million, 43 more stations could be equipped, and I strongly urge that the amount be so increased.

It is an established fact that in cases where the Weather Bureau has been able to give timely warnings of approaching storms, deaths have been reduced. As an example, in 1947 a tornado was detected at least half an hour before it struck the town of Leedey, Okla., and a warning was flashed to the community. Although two-thirds of the town was demolished, there were only six fatalities.

The Weather Bureau's severe weather warning system must be expanded and improved. We know that we will experience destructive tornadoes and hurricanes again, and we know that as yet we have no means of controlling or directing them. But we also know that with instantaneous distribution of warnings, the loss of life can be virtually eliminated and damage to property materially reduced.

The House has approved an additional $2,250,000 for the Weather Bureau, and a request is pending in the Senate to increase that amount to $5 million which, as I understand it, would be used exclusively for an emergency hurricane warning system.

I certainly do not wish in any way to minimize the urgent need for improvement of the hurricane warning system, but I do wish to emphasize that the same urgency exists with respect to the tornado warning system. The fact that different sections of the country are subject to different types of severe weather does not, in my opinion, make any section more or less entitled to protection than the others.

I firmly believe that the Weather Bureau could use considerably more than the $5 million being requested in the Senate to improve the hurricane warning system, but I do not feel that the other parts of the country subject to severe weather should be penalized by earmarking for that exclusive purpose any funds which may be appropriated.

I also wish to strongly endorse the request for an initial appropriation of $1 million for severe weather research. The Weather Bureau has long been handicapped by inadequate instrumentation and facilities for the collection, reduction, and analysis of data on severe weather disturbances. Approval of the request for $1 million will permit the Bureau to begin a research program in cooperation with colleges and universities, which would carry on the fringe aspects of data reduction and analysis, thus freeing the experts from time-consuming detail and permitting them to devote their efforts to only the most important aspects of the problem.

The sooner we undertake the research necessary for improving forecasts of severe weather, the sooner we can begin to reduce the terrible toll of life and property inflicted upon us by these violent disturbances.

Very truly yours,

MIKE MONRONEY.

UNITED STATES SENATE,
Washington, D. C., June 8, 1955.

Hon. SPESSARD L. HOLLAND,
Chairman, Subcommittee on Commerce and Related Agencies, Senate Appropriations Committee,
Washington, D. C.

DEAR SPESSARD: In your consideration of H. R. 6367, the appropriation bill for the Department of Commerce, this afternoon, I should like to bring to your attention and respectfully ask for consideration the following:

While this bill was on the floor of the House, Representative FOGARTY, of Rhode Island, offered an amendment, which was passed, to add $2,250,000 above the budget figure for the purpose of reactivating certain Weather Bureau stations.

Sometime ago the Weather Bureau station at Erie, Pa., which is in a particularly vital weather area, Erie being a major port of the Great Lakes, was deactivated, as I understand it, in a reorganization for budgetary reasons. Since that time the citizens of Erie and the meteorologists and climatologists concerned have repeatedly expressed their apprehension to me on the absence of this station.

It is my understanding that it is contemplated that if the Senate Appropriations Committee approves the House bill and it is passed finally in the present increased sum that the Weather Bureau station at Erie, Pa., will be reactivated.

I sincerely hope that your committee will approve the bill, and that some appropriate action may be taken by your committee to

assure reactivation of the Weather Bureau station at Erie.

With kind regards, I am,

Very sincerely,

EDWARD MARTIN.

AMERICAN METEOROLOGICAL SOCIETY,
Boston, Mass., June 6, 1955.

The Honorable CARL HAYDEN,
United States Senate,
Washington, D. C.

DEAR SENATOR HAYDEN: It has come to our attention that the Appropriations Committee is now considering the appropriations for the coming fiscal year for the Weather Bureau of the Department of Commerce. The American Meteorological Society has a membership of over 5,000, and is the professional meteorological society of this country. At its meeting in New York City in January of this year the council of the society considered at length the question of severe storms, such as tornadoes and hurricanes, that cause such tragic losses of life and property. We felt that you would be interested in reading about the following actions taken by the council at that time.

Voted, that the council recognizes deficiencies in the state of our knowledge of severe storms, particularly tornadoes and hurricanes, and strongly endorses an increased research effort in this area.

Voted, that a new committee be appointed to promote research on severe storms through the holding of symposia, the sponsoring of monographs or other publications, and by any other suitable means.

Voted, that in view of the great losses of life and property suffered by our citizens from the destructive action of tornadoes and hurricanes, the American Meteorological Society recommends that special funds be appropriated to enable the United States Weather Bureau, in cooperation with other public and private agencies, to conduct research projects on tornadoes and on hurricanes, along the lines of the successful thunderstorm project of several years ago.

You will note that we have stressed the need for research into the causes and behavior of hurricanes and tornadoes. Although we agree that an expanded observational and warning system is required, we wish to emphasize our opinion that more basic knowledge is required for the proper utilization of an expanded observational and warning network. Even the best warning system is only as effective as the forecast of the severe storm.

The society is extremely appreciative of the careful study you are giving to the protection of our citizens from these destructive acts of nature. With your support the meteorological profession will strive to develop improved methods of forecasting, and even of modifying destructive storms.

Sincerely,

HENRY G. HOUGHTON,
Secretary.

DENVER, COLO., *June 3, 1955.*

The Honorable EUGENE D. MILLIKIN,
Senate Office Building,
Washington, D. C.:

Urge your support of amendment to House appropriation bill for grants-in-aid to airports. Imperative that original request of $100 million be granted in line with assurances given cities in years past. Lesser sum insufficient when spread over 48 States.

Program has been virtually at standstill for several years. Airports so closely tied to both national and civil defense that passage of appropriation as amended is vital.

QUIGG NEWTON, *Mayor.*

PUEBLO, COLO., *May 19, 1955.*

Hon. EUGENE D. MILLIKIN,
Senate Office Building,
Washington, D. C.

DEAR SIR: We in Pueblo have been working diligently and expensively, as you know, on our part of the bargain with the Federal Government to do our part in the development of adequate airport facilities. I am sure you are more fully aware than I of the need for good transportation facilities of all types in this region of great distances between population centers. It seems apparent that the city residents should not bear the entire load for our Nation's air facilities. Because this matter is so important nationally, and because it is only fair that all groups of our country should assist in financing it, we hope that you will assist in securing the requested appropriation of $100 million as authorized by the Federal Airport Act of 1946.

Locally, we hope in the near future to develop our airport facilities further by the addition of a high intensity lighting system which will make for a much safer operation. This we could probably finance locally, if necessary. But as air transportation develops in this region, extensive expansion will be necessary and we cannot go it alone.

I hope you will agree that the air transport facilities of this Nation have a definite national scope and not conclude that we are more beggars at the Federal doorstep. As a member of Airport Sponsors Committee, and having followed this problem rather closely, I believe the $100 million figure is realistic and one which the municipalities are willing to match in the interest of a progressively greater country.

Yours very truly,

FRED VOSS,
President, City Council of Pueblo.

Mr. HOLLAND. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HOLLAND, Mr. ELLENDER, Mr. KILGORE, Mr. MAGNUSON, Mr. STENNIS, Mr. CLEMENTS, Mrs. SMITH of Maine, Mr. BRIDGES, Mr. KNOWLAND, Mr. THYE, and Mr. POTTER conferees on the part of the Senate.

ADDRESS BY NATIONAL COMDR. SEABORN P. COLLINS, OF THE AMERICAN LEGION, BEFORE THE BRITISH EMPIRE SERVICE LEAGUE, LONDON

Mr. MUNDT. Mr. President, I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks an address delivered by National Comdr. Seaborn P. Collins, of the American Legion, before the biennial conference of the British Empire Service League, in London, England, on June 6, 1955, together with an article from the Washington Post and Times Herald of June 7, 1955, reporting the alleged rebuke which certain officials in Great Britain were said to have delivered against Commander Collins, and a newspaper statement which I issued in response thereto.

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

ADDRESS BY NATIONAL COMMANDER SEABORN P. COLLINS OF THE AMERICAN LEGION BEFORE THE BIENNIAL CONFERENCE OF THE BRITISH EMPIRE SERVICE LEAGUE, LONDON, ENGLAND, JUNE 6, 1955

I am very happy to be here and to bring you the warmest personal greetings of 4 million American Legionnaires and Auxiliary members. They join me in wishing you a most successful and memorable conference.

This date, June 6, is one of the most significant in all history. On June 6, 1944, the Allied forces invaded the Continent. On that day began the final chapter in the bloodiest, costliest war of all time. The first chapter had begun on September 3, 1939. For more than 2 years you had stood virtually alone against the enemy, demonstrating courage and defiance such as the world had not before seen. In the words of one of the world's truly great statesmen, Sir Winston Churchill, it was your finest hour.

We know now that the fight for final victory was conceived in that hour. It reached its most decisive stage on D-day.

For you and me, for the British Empire Service League and the American Legion, for your country and mine, D-day has more than military and historical significance. It represents the perfection of cooperation between our nations in our mutual dedication to a common cause.

I realize, and so do you, that wartime conditions create a comradeship between men and nations that is difficult to achieve in peacetime. Yet the effectiveness of cooperation between our nations symbolized by D-day can be attained now and in the future because it has been attained—because it must be attained.

We have greater cause to be united in purpose and action today than we ever had in World War II. The godless tyranny of communism is an infinitely greater threat to our continued existence as free nations than existed even in the darkest hours of World War II.

It would be easier, of course, and perhaps more diplomatic to avoid any discussion of this issue today. Yet, I feel compelled to meet the issue head on at this time for two reasons.

First, it is the most critical problem now facing our respective nations and the entire free world. Secondly, I believe sincerely that men of different nations who fought together on the field of battle are courageous and mature enough to face up to reality.

The American Legion has some very positive, thoroughly considered views on this matter. Our views have no official status, of course. The American Legion does not speak for our Government, even though our thinking often suggest and reflects the Government's position. However, the American Legion's views are shared by substantial numbers of our fellow citizens. Our hopes and desires, and our convictions and resolutions are,in fact, the hopes and desires, the convictions and resolutions of many millions of Americans.

I think you can appreciate this. I hope that you will also appreciate this fact. As veterans who have known the death and destruction, and the suffering and sacrifice of war we share your fervent desire for peace. We want America and the other free nations of the world to be strong militarily so that they can preserve peace * * * lasting and honorable peace.

I reemphasize that the American Legion and the American people want peace, but not peace at any price. We believe that there are things worse than war. Certainly the loss of freedom and the right to live as dignified creatures of God would be worse than war.

The American Legion recognizes that our freedoms and our very lives are threatened by communism. We recognize, too, that the Communist threat is fourfold—military, economic, political, and ideological—the fight for men's minds. It must be met by military, economic, political, and ideological means.

Each area is important. As veterans, however, we are most naturally concerned about the Communist military threat. The Communists' military capabilities depend to a

great extent, of course, upon their economic strength. Therefore, the American Legion, in formulating a program which we believe will insure adequate defense against communism, has considered the economic factors influencing the Reds' military capabilities.

If I may I would like to tell you very briefly what the American Legion believes our countries and the other free nations of the world must do to forestall or defeat Communist aggression.

The American Legion believes that the only safe, sane policy which we can follow in any dealings with the Communists is to judge them solely on the basis of their performance rather than on their promises. The second premise on which our program is based is this: Appeasement will never stop aggression.

By their admission, the Kremlin-controlled forces of communism in Russia, China, and elsewhere throughout the world have but one, unchanging purpose; to bring every free nation and all free people under their domination and control.

We must not be deceived by Communist peace offensives. The Communists' tactics may change to meet changing conditions, but their basic purpose never changes.

You know this and you know, too, that you can't do business with a blackmailer. Once you start paying blackmail, you have to keep on paying. The demands for more and more money never end. Finally, when you can pay no more, the purpose for which you have paid is exposed and exploited.

The same holds true of appeasement. Call it by whatever name you will, trying to "buy off" an aggressor is just as futile and just as suicidal as trying to pay off a blackmailer.

You know this is true. You saw what happened at Munich in 1938. Hitler couldn't be appeased. He couldn't be stopped except by armed might. You had the courage and the intelligence to make the first stand against him * * * to tell him that there would be no more appeasement.

The American Legion feels that the free world today is faced with the same challenge which you met so boldly less than 16 years ago. The free world must exhibit the courage and intelligence to tell the Communist that there shall be no appeasement.

Russia had been stopped from overrunning Western Europe by the North Atlantic Treaty Organization. The rich industrial and agricultural resources of this area have not fallen into the hands of the Communists only because the free nations which make up NATO were united in giving the Kremlin the only kind of answer it understands: Force will be met with force. Aggression will be resisted. The free people of Western Europe, of the Empire and of America will not appease the Communists as the price for peace.

What we have done in Europe, we can and must do in Asia. This the American Legion firmly believes. In our opinion, Communist aggression must be resisted on every front or the money, material, and manpower spent in building up our defenses in Western Europe or in any other single area of the world will be completely wasted.

We must strengthen our defenses to repel what must be considered a very real possibility of Communist aggression against Formosa, South Viet Nam, Malaya, Hong Kong, and all of southeast Asia. What steps must be taken to strengthen the free world's defenses against the Red tide of communism in Asia?

In light of the Communists' record of performance, knowing that appeasement will not insure peace or preserve freedom, and addressing itself only to our own Government whose policies and actions are determined by us and by our fellow citizens, the American Legion believes that the United States must:

1. Resist any attack against Formosa and the strategic area surrounding it.

2. Refuse to recognize Communist China and refuse to permit the seating of Communist China as a member of the United Nations, for any purpose whatsoever.

3. Continue to demand the release of American airmen still imprisoned in Communist China. The release of four airmen last week is encouraging, of course. But this action does not necessarily mean that the other airmen will be released. We must continue to work for their release, through the United Nations, if possible, but through the use of every means available to the United States, if necessary.

Let me assure you that while the American Legion has limited its program to our own country simply because we would not presume to suggest what other governments should do, we believe sincerely that the program we recommend to prevent or defeat further Communist aggression in Asia would, if adopted by the other free nations of the world, serve their best interests.

We think that the methods which we have proposed are necessary and practical * * * not only for America but for all free nations which share our determination to fight for the preservation of freedom and human dignity.

These recommendations are not made lightly. They are made instead with full knowledge of America's continuing responsibility to do everything possible to preserve peace. We believe that these steps are much less likely to provoke war than a policy which would cause the Communists to miscalculate the free world's determination to resist aggression.

One final word on this problem of preserving freedom from Communist tyranny.

A moment ago I mentioned that economic considerations often directly influence the military picture. With reference to the Communist military threat, the American Legion strongly opposes the sending of any strategic materials to Red China or to any country behind the Iron or Bamboo Curtains. It seems to us unthinkable that any free nation would devote a large part of its manpower, monetary, and material resources to the building of adequate military forces for the defense against communism, and at the same time help the Communists increase their own military strength by selling or trading them strategic materials.

I'm sure you agree.

I wish that time permitted me to tell you even briefly of the American Legion's many programs on behalf of our veterans and all of our citizens. You may be certain that the Legion, in carrying out its pledge of service for God and country, is as dedicated as the British Empire Service League to the welfare and security of our Nation, our comrades in arms, and all of our citizens.

We feel that the American Legion and the British Empire Service League can work together closely for the benefit of veterans and ex-servicemen and for the military security of our respective nations. We can use our resources and experience to insure that our nations and our people will remain united in purpose and action so that we will be the strong, sure leaders which mankind needs if freedom and civilization itself are to be preserved.

Certainly this objective is worthy of the high ideals of the British Empire Service League and the American Legion. This objective is in keeping with your pledge of service for the Empire and its ex-servicemen, and with the American Legion's pledge of service for our country and for our comrades in arms who have sacrificed the most in its defense.

May the British Empire Service League and the American Legion continue to serve together in peace as our members served together in war.

Thank you.

[From the Washington Post and Times Herald of June 7, 1955]

LEGION HEAD GETS REBUKE FOR RED BLAST IN BRITAIN

LONDON, June 6.—Adm. Earl Mountbatten today rebuked National Commander Seaborn P. Collins, of the American Legion, for a speech blasting communism in general instead of concentrating on the welfare of ex-servicemen.

The reprimand came in Mountbatten's remarks to a conference of the British Empire ex-servicemen's league shortly after Collins warned the conference against Communist peace offensives.

Mountbatten, Britain's first sea lord and wartime commander in southeast Asia, told the gathering:

"I would point out to Mr. Collins that we confine ourselves to the ex-servicemen, which is the main objective of the league. It is outside politics."

Earlier, Collins launched into one of the bitterest condemnations of communism ever heard at a public meeting in Britain.

"The godless tyranny of communism is a more eternal and continuing threat to our existence as free nations than any which existed during the darkest hours of World War II," he told the delegates of 39 countries.

Admitting it would be more diplomatic to avoid discussion of communism, the American Legion commander said he, nevertheless, felt "compelled to meet the issue head-on."

"Appeasement will never stop aggression," he said. "We must not be deceived by continuous peace offensives.

"The Communist tactics may change from time to time to meet changing conditions, but their basic purpose never changes. We know this and we know you cannot do business with a blackmailer."

WASHINGTON, June 6.—Senator KARL MUNDT, Republican, of South Dakota, said here today he was "personally distressed" to read a published report indicating that American Legion National Commander Seaborn L. Collins was "rebuked" by Adm. Earl Mountbatten following a speech Collins made today before the British Empire Service League in London.

Admiral Mountbatten is head of the league, a veterans' organization comparable to the American Legion, and the news report from England said he tartly reminded Collins that the league "is concerned only with ex-veterans" after Collins had asked the British to remember Munich as the result of appeasement, and also spoke out against trading with Red China.

"I am glad that Collins had the candor to present the American viewpoint straight from the shoulder to fellow veterans in the United Kingdom," Senator MUNDT said in his comments today.

"As a member of the Senate investigations subcommittee, I want to say that our committee records show trading between non-Communist nations and Red China hit a new peak in January of this year—160 vessels participated which is the largest amount since the Korean war began.

"National Commander Collins did a great service in London by bringing this subject to the attention of the British, because 52 percent of those vessels trading with Red China in January were under British registry and flying the British flag.

"Despite the coolness of First Sea Lord, Adm. Earl Mountbatten, I am sure that careful consideration of all the facts by the

British will lead them to realize their ships are only strengthening the economy of Red China.

"There is no question that this trade jeopardizes the future of the British possession of Hong Kong, and weakens the position of the free world in the entire Asiatic area today.

"The American people should congratulate Commander Collins for bringing to the British our firm opposition to this trade while American boys are still held in Red Chinese jails.

"Our British allies would do well to keep in mind that the great majority of American people are solidly behind the American Legion opinion as expressed by Commander Collins in London today."

AMERICAN LABOR IN THE BATTLE AGAINST COMMUNISM

Mr. NEUBERGER. Mr. President, American labor is in the forefront of the battle against communism. The trade unions of our country realize that not only must an ideological war be won but that we must try to end the conditions of poverty, hunger and disease which are the swamps where communism has its main chance to breed.

The successful and intelligent participation by American labor, both of the American Federation of Labor and the Congress of Industrial Organizations, in the recent International Confederation of Free Trade Unions is an inspiring story. The meeting was held in Vienna, Austria.

I ask that the Members of the Senate have the opportunity to read a splendid account of American labor's role in that meeting, as it appeared by Arnold Beichman in the June 13, 1955, issue of the New Leader under the appropriate title "United States Labor Assumes World Leadership."

This article helps to emphasize how determinedly and persistently our great labor organizations are fighting against the spread of communism. The leaders of labor know, however, that communism never will be stopped with speeches and oratory, but that an increase in the world's standard of living will serve to diminish the area in which communism might spread.

I also ask that an article from the same issue of the New Leader, by William E. Bohn, its executive editor, be reprinted. Its title is "Debs, Gompers and the Unions." Mr. Bohn underscores the conservative nature of many American unions, but he points to the great and steady list of achievements which these same unions have attained for American working men and women. This is another article which helps to show how unfair and distorted are current attacks upon American labor for socialism, radicalism, and similar charges.

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

UNITED STATES LABOR ASSUMES WORLD LEADERSHIP—INTERNATIONAL PARLEY OF FREE UNIONS A TRIUMPH FOR AFL, CIO

(By Arnold Beichman)

VIENNA.—On the afternoon of May 18, AFL President George Meany landed in Zurich, Switzerland, en route to the Fourth World Congress of the International Confederation of Free Trade Unions in Vienna. Due to the still unsolved horse-and-buggy complications of jet-age travel, he found himself without a reservation on the connecting flight to the Austrian capital.

Labor Columnist Victor Riesel, also en route to the ICFTU Congress but with a reservation in hand, offered it to Meany so that he could get to Vienna without delay. The AFL leader thanked him and said that he and his party had been traveling together from New York and that they'd all stick together. His party consisted of his wife, his secretary, Virginia Tehas, the Morris Noviks, and A. H. Raskin, the New York Times labor correspondent.

Meany then began checking on ways of getting to Vienna fast because the ICFTU sessions were about to begin and he wanted to be there. A plane charter was too much—$900. The fastest and least expensive way was to rent a chauffeur-driven limousine, he discovered. A big Chrysler with jump seats was found and the six travelers plus driver jammed themselves into the car and left Zurich at 4 p. m. They drove all night with two stops—once for dinner and once at midnight for a beer and snack—with Meany in front, roadmaps out, discussing with the English-speaking chauffeur the best nonmountainous route to Vienna.

They arrived at 6:15 the next morning. After checking in at the United States-occupied Bristol Hotel, Meany ran into Irving Brown, AFL representative in Europe who had been substituting for him on the ICFTU Executive Board. A quick breakfast conference fill-in ensued, then Meany went off to church, returned at 8 o'clock, grabbed 4 hours sleep and by early afternoon had convened a meeting of the North American delegation to the biennial ICFTU conclave.

It is quite likely that if a member of Meany's old Bronx plumbers' local were to hear this narrative, he'd probably wonder what all the scramble was to get to a labor conference several thousands of miles away from the Yankee Stadium. It's quite likely that members of other AFL and CIO unions reading in their labor papers that Dave Dubinsky, Jack Potofsky, Dave MacDonald, Jack Knight, Charley MacGowan, Victor Reuther, James B. Carey, Dave Beck and others were assembling in Vienna, would muse about the joys of being a traveling union official and sardonically ask: Is this trip necessary?

They should have seen their union chiefs at work here these past 10 days. While conventions are conventions, the ICFTU conference is incredibly different from the usual American union convention. Everything at the ICFTU sessions is in four official languages—English, French, Spanish and German. At plenary sessions, delegates are equipped with portable radio receivers and earphones and there is simultaneous interpretations of speeches. But in committee rooms, where major give-and-take discussions take place, translation is consecutive for technical reasons, and, since not every interpreter can handle four languages, it means long delays when a Spanish-speaking delegate takes the floor. First comes the translation into English while the German and French interpreters listen (they know no Spanish), and then they translate for committee members who know neither Spanish nor English.

All this narrative is intended to demonstrate the growing and determined and patient absorption in international free trade unionism which today possesses American trade union leaders. The ICFTU executive board is a place where Meany's vote is the equal of the vote of the colorfully-garbed member from the Gold Coast or the schoolmaster turned unionist from India and everybody gets his say in four languages. It is this dedication to free trade unionism by American labor leaders which is transforming the ICFTU into a militant and increasingly influential force in world affairs.

The close rapport between the AFL and CIO throughout the conference, a harbinger of their certain merger December 5, was striking. It meant a vast spurt in influence of American labor in a field where traditionally it had been apathetic.

The 6-year-old ICFTU is today in business to stay after a rather rocky infancy. It has teeth now, as the Communist World Federation of Trade Unions, whose headquarters in this anti-Communist city resemble a mausoleum, has discovered. What is more important is that American labor at this congress demonstrated a maturity and political sagacity which made it the No. 1 delegation. The hard-core anticommunism of American labor was demonstrated in resolution after resolution, and in the kind of actions that were taken.

It was the United States delegation which insisted that a worldwide organizing campaign be undertaken by the ICFTU in underdeveloped areas of the world where a belated industrial revolution is creating a landless proletariat without any trade union protection against low wages, long hours, and job insecurity. The congress voted unanimously to create the post of director of organization. Meany and representatives of the British Trade Union Congress and of Pakistan labor were named as a subcommittee to hunt and are now hunting for the man to fill the job.

When the question of money to finance this organizing campaign arose, the North American delegation and the British obtained congressional action for per capita increases so that about $500,000 will be available by next year. Money, muscle, and know-how is what United States labor pledged to provide in return for action.

Politically, the United States delegation successfully pressed for an uncompromising line against totalitarianism—the Tito and Franco variety as well as the more durable Moscow version. It helped bring about support for rearmament among some West European labor leaders, commemoration of the June 17, 1953, uprising of East German workers, and a warning to ICFTU affiliated groups which had accepted Tito unions as members.

Let me be clear. It was not an American labor steamroller. It was not a pax—or bellum—Americana. It was the dynamic influence plus intelligent diplomacy of United States and Canadian labor leaders, representing 16 million workers, which put the delegation in the top slot. That plus the fact that men like Meany, Potofsky, Dubinsky, Brown, Michael Ross, Jay Lovestone, and others had done their homework and knew what they were about.

It is easy to get overenthusiastic about American labor abroad. After all, interest in this aspect of trade unionism as far as American workers are concerned is something new in the United States and old in countries like Great Britain, Germany, or France, where Socialist International traditions are more than a memory. The real test of any enthusiasm for what has been accomplished at the ICFTU Congress will be whether the American delegates return to forget their pledges because of more pressing domestic problems (this is what some veteran observers sardonically prophesy), or whether Meany's assurance, "We're here to stay," is fully implemented. My prediction is that during the next 2 years, the century-old international labor movement will find American unionism far more active than ever before.

The practical problem is trained manpower in a field where American labor participation in the past has been slight. For example, there are few linguists in United States labor, an area of knowledge which is important in international work. British labor,

with its far-flung dominion interests and moral dilemmas over colonialism, has such manpower resources. That is why several United States delegates here have already begun thinking about setting up some kind of academy to train youthful American labor officials, on the business agent level, to go out into Asia or Africa to do the important grass-roots organizing work under the ICFTU banner.

And to conclude this travel report of United States labor leaders—Meany, by the time this is published, will have had a Papal audience, conferred with Italy's President Gronchi and Premier Scelba, Chancellor Adenauer, Erich Ollenhauer and German labor leaders, Foreign Minister Pinay and General Gruenther in Paris; Dubinsky is in Israel as the honored guest of Histadrut; Potofsky is in Geneva at the ILO meeting along with Mike Ross of the CIO; Mike Quill is in Eire, not only to taste the ould sod but to talk ICFTU to Irish labor; and the only reason some other top leaders aren't in Europe is because there are sticky negotiations underway in steel, auto and electrical manufacturing.

And, if any United States union member asks what good all this is doing him, the answer he'll get is, "Brother, if we don't do this job with the ICFTU, the Commies will do it for us."

THE HOME FRONT

(By William E. Bohn)

DEBS, GOMPERS, AND THE UNIONS

On May 23, I undertook a rapid-fire commentary on the history of American trade unionism. I sketched the AFL and CIO in terms of their most conspicuous leaders. The men who led these organizations were, of course, Samuel Gompers, William Green, George Meany, John L. Lewis, Philip Murray, and Walter Reuther. The main struggle of these men was, of course, against the employers, who, for most of the time, did their best to prevent the organization of the working class. But I mentioned, too, another struggle which they carried on against other enemies who attacked from the rear. In this list I included Daniel De Leon, William D. Haywood, Eugene V. Debs, and William Z. Foster.

I knew that when I included the beloved Debs in this unpleasant lineup I was asking for trouble. And very promptly it came. Pierre DeNio writes me from Rock Rift, N. Y.:

"How can you mention Debs in the same day with those other men? Debs was a kind, gentle man who gave his life to the working men and women of America. He never asked them to do anything that was not for the best interests of everyone. More than that, he never asked them to do what he would not himself do first. * * *

"Of course, Gompers did a great job as far as he was able to understand the needs. He did it at a time when it had to be done if the workers were to escape literal slavery. * * * The harm that Gompers did, along with the good, came from his very early planting in the minds of labor men the notion * * * that they should under no circumstances have anything to do with politics. That became an obsession which still holds too strongly to this day. * * *

"Whenever labor was strong enough on the industrial field to force some concession from the employers, these latter had only to go to Washington to the very men labor had elected to office and get a law passed that would wipe out * * * the dearly bought benefits. Under his leadership, we rewarded our enemies and punished our friends. * * *

"The only thing that ever swung the labor movement away from Gomper's position was the depression beginning in 1929. Then came Roosevelt and Wagner. We soon had the Wagner Act giving us the right to organize, and various sorts of social legislation. Then and only then * * * union members saw that politics was a must if they wished to survive.

"Really, what did the AFL amount to at that time? A couple of million members of whom the great unwashed had never heard. Today, because of political action—and that alone—we have our powerful and somewhat enlightened membership. Most of the leaders who today guide the labor movement got their education and perspective in the old Socialist movement. Roosevelt told Frances Perkins in the first days of the New Deal that they would have to do something quick to relieve the distress or the Socialists would take over.

"Think what labor has gone through during the years you mention. They have spent millions of hard-earned dollars and shed much blood during strikes and lockouts. Invariably they have been beaten, reviled, and jailed by the very officers whom they have put into office. Mr. Gompers told them that they would get into trouble if they had anything to do with politics. Of this you may rest assured. Until the working people of this country elect men of their own, they will get stringent antilabor laws."

Let us take Mr. DeNio's second point first. He asserts with heat that Samuel Gompers told his members to stay out of politics. Gompers, of course, did nothing of the sort. He fought like a tiger against allowing any political clique to take charge of his federation. But he urged his people to get into political campaigns. It was largely through his efforts that Woodrow Wilson was elected—and that victory gave us our first new deal. When the trade-union men of a later day voted for Roosevelt and stood by him they were following the precepts of their old leader. What Gompers was against was third partyism. His instinct for politics was deep and true.

But I feel sure the honor of receiving this letter came to me because of my mention of Eugene V. Debs. I wish I had space for a discussion of Debs' impact on the labor movement. This man, whom I knew well, had all of the good qualities with which my correspondent has endowed him—and many more. He had romantic courage. He was willing to die for the working class. He did go to jail for it. He had every great quality but good judgment. In organizing the American Railway Union and going into the Pullman strike, he led his followers up a blind alley. In the end he was adored by men whom he left out in the wilderness without jobs or organization. During all of this time he was denouncing the Railway Brotherhoods and the AFL, and in the end it was these comparatively conservative organizations which have really served the needs of the American workingman and have brought him along on the road to a better day.

EXTENSION OF DRAFT

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Order No. 554, H. R. 3005.

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

The LEGISLATIVE CLERK. A bill (H. R. 3005) to further amend the Universal Military Training and Service Act by extending the authority to induct certain individuals, and to extend the benefits under the Dependents Assistance Act of July 1, 1959.

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

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services with an amendment.

Mr. RUSSELL. Mr. President, the pending business comes before the Senate by way of a majority report of the Committee on Armed Services, and it proposes to extend the regular draft and the so-called doctor draft. This is the fourth time since V-J Day the Senate has been compelled to direct its attention to such legislation and to certain provisions of law which are an integral part of the entire defense structure. I am sure it is unnecessary for me to say to the Members of the Senate that unless the measure is enacted, the authority to induct regular registrants as well as the authority to induct special registrants will expire on the 30th day of this month.

The administration has strongly urged that the regular draft be extended for a period of 4 years and the doctor draft for a period of 2 years.

It would serve no useful purpose for me to reiterate at this time on the floor of the Senate statements which have been made here repeatedly as we have considered extending the draft act. I doubt that I could say anything which has not been said on previous occasions. We have all come to recognize that the regular draft is the keystone of the arch of our national defense. Without it our entire defense structure would fall. Senators should not delude themselves with reference to the number of men who might be drafted each month. The fact that the draft is on the books has caused young men who desired to select their own branch of the service, voluntarily, in unprecedented numbers, to fill up the ranks without its being necessary to draft large numbers.

I invite the attention of the Senate to the fact that the bill as amended by the Armed Services Committee provides for a 4-year extension of the regular draft. We likewise extend for 4 years the Dependents Assistance Act and the $100 monthly incentive pay for doctors. The bill likewise provides for a 2-year extension of the doctor draft.

Mr. President, if world conditions should remain as they are today the Senate will unfortunately be called upon in future days again to consider the extension of this measure. If we are to maintain a force of nearly 3 million men for from 10 to 20 years, or for whatever period the cold war makes it necessary to maintain our forces to protect our institutions, I would not have the people of the United States understand that because we are exending the draft for 4 years they should consider that there is not likely to be another extension in 1959.

Similarly, Mr. President, I cannot definitely assure the Senate that the doctor draft will not require further extension in 1957. I do not believe a single Member of this body is willing to take a chance on denying adequate medical and dental care to the boys we are drafting into our armed services.

In the committee hearings we demanded on the part of those who opposed the extension of the doctor draft the most unequivocal guaranty that adequate and skilled medical and dental

care would be available. Witnesses who appeared before the committee in opposition to the extension of the draft were told by members of the committee that we could not go before the Senate and recommend that the doctor draft be ended unless we had the most unequivocal assurance and the most clearcut evidence that sufficient doctors would be available without a draft.

A reading of the record of the hearings before the committee will show that the doctors themselves were divided in their opinion on that score. Representatives of groups of doctors, all of whom were members of the American Medical Association, testified strongly in favor of the extension of the doctor draft and advised the Senate and the Congress not to take any chances by permitting it to expire.

So, Mr. President, I, for one, feel that before it will be willing to see the so-called doctor draft expire, Congress will insist upon having not only assurances but definite evidence that the men we take from their homes into the military service will not suffer for lack of medical care.

Mr. President, there are several collateral subjects dealt with in the bill which are of perhaps lesser importance than the basic proposition, but concerning which I feel it is appropriate to comment briefly so that the Members of the Senate may be fully informed.

In the first place, Mr. President, the bill amends existing law with respect to the manner of determining agricultural deferments. Under current presidential regulations, local boards consider all facts concerning a registrant's essentiality to agriculture, including the total supply of a particular crop.

The bill as it came to us and as we bring it to the Senate provides that the status of an agricultural commodity may not be taken into consideration, either for denying or granting deferments.

Next, Mr. President, the bill reduces from 35 to 30 the cut-off age for induction liability of the National Guard men. A number of Senators have discussed this provision of the bill with me, and I know it has been the subject of a number of communications with Members of this body. Under the law as it stands today, with the 1951 amendments to the Selective Service Act, a young man who enlisted in the National Guard prior to attaining age 18½, and who has served satisfactorily, would be deferred from induction into the regular Armed Forces.

The bill as it came to us from the House reduced the age from 35 to 26. The committee, after considering all phases of the matter, fixed the age at 30, primarily, I may say, for the reason that we did not think a National Guard man, essential as he is to the defense of our country, patriotic as he is in his desire to serve, should be allowed the same period as a man who goes into the Air Force or the Navy for 4 years or into the Marine Corps for 3 years, or into the Army for 2 years. We felt that National Guard men should not have a shorter period of service than men who are compelled to leave their homes and go away for 4 years of military service. The age of 30 is a compromise between the existing law providing for 35 and the House bill providing for 26.

Another provision of the bill deals with physicians and dentists who apply for commissions, but who are rejected solely because they are physically disqualified. The bill proposes that beginning July 1, 1955, a person who applies for a commission as physician, dentist, or allied specialist, but who is rejected on the sole ground of physical disqualification, shall not be liable for induction after he attains the age of 35.

I should like to point out that, as written, the language is quite restrictive, inasmuch as it covers only persons who apply hereafter for commissions; and they must apply as physicians, dentists, or allied specialists.

Another provision of the bill deals with a problem which I feel certain all Members of the Senate have found to be most perplexing. Oftentimes individuals have been inducted into the service or have voluntarily enlisted at some time during the past 8 or 10 years, and have served for less than the 2-year minimum draft period. Such individuals served in good faith, and in most cases they assumed, when they were discharged before the 24 months had expired, that they had done what their country had asked them to do.

However, since the present law provides no specific minimum under 2 years, these young men have in numerous cases been inducted for a second time into the Armed Forces.

The committee felt that this situation should be clarified. The bill which has been reported provides that a man who has been discharged after having served honorably for a period of not less than 12 months, or one who has served for a period of 6 months or more, but who has been discharged purely for the convenience of the Government, shall thereafter be exempt from induction or reinduction, except in time of war or national emergency.

The bill deals, likewise, with several collateral problems which relate to credit for prior military service or previous nonmilitary activity in programs essential to the national welfare.

Under the existing law, nationals of those nations which were allied to the United States during World War II receive credit for their military service in computing eligibility or exemption from our own draft on the ground of prior military service if such service occurred before June 24, 1948. This covers our hot-war allies.

The committee felt that it was reasonable to permit young men who served for a specific time with a nation associated with the United States in mutual defense activities to be exempt from induction, so far as it does not discriminate against persons who served with our own Armed Forces.

For that reason, at the instance of the Department of State, the bill provides, but only on a reciprocal basis, that any alien national in this country who had served at least 18 months since June 24, 1948, on active duty in the armed forces of a nation associated with the United States in mutual defense activities shall be exempt from induction into our Armed Forces. In computing this 18-month period, service prior to June 24, 1948, may be counted where performed in the armed services of a country allied with the United States during World War II, and currently associated with us in mutual defense activities.

Finally, the committee has taken cognizance of the fact that although the bill amends the present law to provide that a young man who served 12 months in our Armed Forces shall not be liable for induction or reinduction. the House version of the bill did not provide any form of credit for service in the Public Health Service and the Coast and Geodetic Survey. Nor did it take into account those Reserve officers who serve with the Department of Agriculture in the vitally important programs currently being carried out by that Department. To correct that situation, the bill now under consideration provides that a commissioned officer who served for 24 months or more in these programs, all of which are so intimately related to our welfare and security, shall not then or subsequently be liable for induction.

It should be noted, however, that these persons all occupy commissioned status, and may be ordered to active military service in time of war or national emergency.

I deem it unnecessary, Mr. President, to labor the Senate with the cold facts of international relations today, which make it absolutely essential that we give our approval to the extension of this all-important measure. Those conditions are evident to all of us.

There may be times of hardship. It is impossible to deal with as many human beings as are caught in the draft without there being some injustices, yea, even discriminations; but, after all, we have a common stake and a common purpose to make certain that our Nation remains free. Without remaining strong, we cannot remain free. Experience has taught us that without extending the Selective Service Act, we cannot remain strong.

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

Mr. RUSSELL. I am glad to yield to the Senator from Utah.

Mr. BENNETT. During the hearings on the draft law, the junior Senator from Utah indicated that, if necessary, he would propose an amendment to section 16 (g) of the Universal Military Training and Service Act, as amended, for the purpose of clarifying the exempt status of those persons called to serve as ministers of the Church of Jesus Christ of Latter-day Saints—Mormon—assigned to serve in the missions of the church. The reason for my concern was that although selective service has always considered that the young men of this church, who are ordained as ministers and assigned to serve in the missions of the church, were within the definition of "ministers of religion" as defined in section 16 (g) of the act, some local boards and State administrators have failed to recognize the IV–D status of these ministers, and in those cases the Director has had to rely on appeal procedure in order to get the proper classification.

I was happy to note the committee's recognition of this problem on page 12 of the report on this bill, which I should like to read into the RECORD at this time:

The junior Senator from Utah, the Honorable WALLACE F. BENNETT, appeared before the committee in connection with a possible amendment to section 16 (g) (1) of the Universal Military Training and Service Act to specifically insure the exemption of those persons called as ordained ministers of the Church of Jesus Christ of Latter-day Saints (Mormon) and assigned to serve in the missions of the church. Assurances are given in writing by the Director of Selective Service to the Senator from Utah reflected that such amendment was unnecessary inasmuch as Selective Service considers that these individuals are already entitled to IV-D classification under existing law. The letter referred to and a letter from the Assistant Secretary of Defense for Manpower and Personnel appear in the printed hearings.

From this report I would judge that the committee has taken cognizance of the fact that General Hershey considers any clarifying amendment unnecessary inasmuch as these ministers are in fact already entitled to IV-D status under existing law, and that the committee shares this belief.

I should like to ask the Senator if he can confirm my interpretation of the committee report.

Mr. RUSSELL. I am glad to do so; but I think the clear statement in the committee report confirms it on behalf of the entire committee. The matter was discussed and was subject to hearing. General Hershey strongly supported the position taken by the junior Senator from Utah. The committee undertook to do so in the language of the report which the Senator from Utah has just read.

Mr. BENNETT. I appreciate the opportunity to transfer that interpretation to the RECORD on the floor of the Senate, with the assistance of my colleague, the distinguished Senator from Georgia. I am grateful for the privilege.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I am glad to yield to the Senator from Pennsylvania.

Mr. MARTIN of Pennsylvania. Mr. President, is it appropriate at this time to offer an amendment?

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

The LEGISLATIVE CLERK. It is proposed by the committee to strike out all after the enacting clause and insert:

That this act may be cited as the "1955 Amendments to the Universal Military Training and Service Act."

TITLE I

SEC. 101. (a) Subsection (a) of section 6 of the Universal Military Training and Service Act, as amended, is amended (1) by inserting immediately after "Secretary of Defense;" the following: "members of the reserve components of the Armed Forces, while employed as veterinarians of the United States Department of Agriculture;" and (2) by inserting at the end thereof the following new sentence: "Any person who subsequent to June 24, 1948, serves on active duty for a period of not less than 18 months in the armed forces of a nation with which the United States is associated in mutual defense activities as defined by the President, may be exempted from training and service, but not from registration, in accordance with regulations prescribed by the President, except that no such exemption shall be granted to any person who is a national of a country which does not grant reciprocal privileges to citizens of the United States: *Provided*, That any active duty performed prior to June 24, 1948, by a person in the armed forces of a country allied with the United States during World War II and with which the United States is associated in such mutual defense activities, shall be credited in the computation of such 18-month period."

(b) Subsection (b) of such section is amended (1) by amending paragraph (3) to read as follows:

"(3) Except as provided in section 4 (i) of this act, and notwithstanding any other provision of this act, no person who (A) has served honorably on active duty after September 16, 1940, for a period of not less than 1 year in the Army, the Air Force, the Navy, the Marine Corps, or the Coast Guard, or (B) subsequent to September 16, 1940, was discharged for the convenience of the Government after having served honorably on active duty for a period of not less than 6 months in the Army, the Air Force, the Navy, the Marine Corps, or the Coast Guard, or (C) has served for a period of not less than 24 months (i) in the Public Health Service or (ii) as a commissioned officer in the Coast and Geodetic Survey, shall be liable for induction for training and service under this act, except after a declaration of war or national emergency made by the Congress subsequent to the date of enactment of this title.",

and (2) by adding at the end of such subsection the following new paragraph:

"(6) Notwithstanding any other provision of this act, no member of any of the Reserve components who has been employed as a veterinarian by the United States Department of Agriculture for a period of 24 months from and after the date of enactment of this paragraph shall be liable for induction for training and service under this title, except after a declaration of war or national emergency made by the Congress subsequent to the date of enactment of this title."

(c) Subsection (c) (2) (A) of such section is amended by inserting at the end thereof the following new sentence: "No person who has or may be deferred under the provisions of this clause shall by reason of such deferment be liable for training and service in the Armed Forces by reason of the provisions of subsection (h) hereof after he has attained the 30th anniversary of the date of his birth."

(d) Subsection (h) of such section is amended by inserting immediately after *"Provided further,"* the following: "That the existence of a shortage or a surplus of any agricultural commodity shall not be considered in determining the deferment of any individual on the grounds that his employment in agriculture is necessary to the maintenance of the national health, safety, or interest: *And provided further,*".

SEC. 102. Section 17 (c) of the Universal Military Training and Service Act, as amended, is amended by striking out "July 1, 1955" wherever such date appears therein and inserting in lieu thereof "July 1, 1959."

SEC. 103. Section 16 of the Dependents Assistance Act of 1950, as amended, is amended by striking out "July 1, 1955" wherever such date appears therein and inserting in lieu thereof "July 1, 1959."

TITLE II

SEC. 201. Sections 4 and 7 of the act entitled "An act to amend the Selective Service Act of 1948, as amended, so as to provide for special registration, classification, and induction of certain medical, dental, and allied specialist categories, and for other purposes", approved September 9, 1950 (64 Stat. 826), as amended, are amended by striking out "July 1, 1955" wherever such date appears therein and inserting in lieu thereof "July 1, 1957."

SEC. 202. The last sentence of paragraph (1) of section 4 (i) of the Universal Military Training and Service Act, as amended, is amended by inserting immediately after the word "subsection" the following: "(A) after he has attained the 35th anniversary of the date of his birth, if subsequent to July 1, 1955, he applies for a commission in one of the Armed Forces in any of such categories and is rejected for such commission on the sole ground of a physical disqualification, or (B)."

SEC. 203. Section 203 of the Career Compensation Act of 1949 (63 Stat. 809), as amended, is amended by striking out "July 1, 1955" wherever it appears therein and inserting in lieu thereof "July 1, 1959."

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

Mr. MARTIN of Pennsylvania. Mr. President, I offer an amendment on page 6, line 3, which I ask to have read.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Pennsylvania.

The LEGISLATIVE CLERK. In the committee amendment on page 6, line 3, it is proposed to strike out "thirtieth" and insert in lieu thereof "twenty-eighth."

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). The question is on agreeing to the amendment of the Senator from Pennsylvania to the committee amendment.

Mr. MARTIN of Pennsylvania. Mr. President, if the Senator from Georgia will yield for a moment, I should like to make a comment.

Mr. RUSSELL. I am glad to yield.

Mr. MARTIN of Pennsylvania. The amendment is offered for the purpose of aiding the National Guard. I think one of the most important factors in America's plan of national defense is a strong National Guard and a strong Reserve. With the 35-year age limit, it was most difficult to get recruits for the National Guard, and I think the Reserve has also had its difficulties.

I would like to have seen the age made 26, but the committee has given this question very careful consideration, and the members feel that would be too low an age.

National defense in America is going to cost enormous amounts of money for many years in the future. Personally, I should like to see us in the United States have the courage to provide for universal military training, under a plan whereby after spending a certain amount of time in the Regular Army, a man would have no further obligation, and after spending a certain amount of time in the National Guard or Reserve, he would have completed his obligation. In my judgment, that would be the fair thing to do. I think the idea of universal military training is American. Everyone would thus have an equal obligation to the United States of America. But it seems as if we are not ready as yet to adopt universal military training.

I appreciate very much the distinguished Senator from Georgia's accepting the amendment. I sincerely hope

we will be able to get a provision along this line when the bill goes to conference.

Mr. McCARTHY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Wisconsin?

Mr. RUSSELL. I wish to advert briefly to the remarks of the Senator from Pennsylvania and to the amendment he has proposed.

This is a difficult problem, and I am well aware of the practical aspects of it. I have always earnestly supported the National Guard. I think it is a vital element in our national defense picture. Personally, I think the age of 30 is about fair in connection with the Regular service which a man is called upon to render with a liability of 8 years, and the possibility of being required to leave his home for 4 years and go off to a foreign land.

Certain members of the committee were concerned about the question, and thought the age of 30 was too high. I think this amendment will be agreeable to the committee. I know it will be agreeable to the members of the committee with whom I have discussed the question to accept the amendment offered by the Senator from Pennsylvania, who made for himself a very fine record in the National Guard, up to the rank of general.

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

Mr. RUSSELL. I yield to the Senator from Oregon.

Mr. NEUBERGER. I thank the distinguished chairman of the committee for his openmindedness on this question, because I have had many communications from the commanding general of the Oregon National Guard, Maj. Gen. Thomas E. Rilea, who said, in a telegram, that if the limit of liability age were left at 30, it would make it difficult, if not impossible, to obtain enlistments, in view of currently reduced draft quotas.

I know I speak for him and the other members of the National Guard, and I thank the chairman of the Committee on Armed Services for agreeing to the amendment offered by the distinguished Senator from Pennsylvania.

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

Mr. RUSSELL. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I simply wish to endorse what the chairman of the committee has said. I, too, shall agree to accept the amendment changing the age to 28. Perhaps that age is fairer when we take into consideration the problems the National Guard may face in getting volunteers to serve, if the liability or responsibility is for 10 years.

Mr. CARLSON. Mr. President, will the Senator from Georgia yield to me?

Mr. RUSSELL. I yield to the Senator from Kansas.

Mr. CARLSON. I also wish to express my appreciation to the distinguished Senator from Georgia, the chairman of the committee. I have discussed with him previously the question of the effect on the National Guard of the extension of the Draft Act, with particular reference to the age of enrollees. The adjutant general of Kansas has expressed concern over the problem. As one interested in the National Guard, I wish to assure the Senator from Georgia that I am glad he has accepted the amendment of the Senator from Pennsylvania.

Mr. CASE of South Dakota. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the Senator from South Dakota, who is an able and active members of the Committee on Armed Services.

Mr. CASE of South Dakota. I, too, am glad to see the amendment of the Senator from Pennsylvania accepted, because it goes in the direction which I took in the committee when we were working on the matter. However, I think it points up the fact that we need to look at the age limit in the whole field of draft liability.

I may first say that I have never served under any chairman of any committees in the Senate for whom I have greater respect than I have for the distinguished Senator from Georgia [Mr. RUSSELL], and the distinguished Senator Senator from Massachusetts [Mr. SALTONSTALL], who was his predecessor as chairman of the Committee on Armed Services.

Mr. RUSSELL. I thank the Senator from South Dakota.

Mr. CASE of South Dakota. I certainly have been glad to have had the benefit of their wisdom and their judicious observations when it comes to dealing with matters which arise in the Armed Services Committee. We are correcting what I feel has been a defect which has developed in the operation of selective service with respect to the National Guard. I regret we are not attempting similar action with regard to the age of liability for selective service generally. I say that because I have the feeling that we are injuring the national service in respect to men who have engineering degrees and men who are associated with industry in important positions today by continuing the age of liability to 35 for those who have had deferment.

One might say we are taking the relatively easy course in simply making an extension of the draft. That is my conviction. The people of the country hardly realize that the manpower pool for the draft has grown at the rate which it has because of the increased birth rate in this country.

I have figures before me which indicate the number of boys who have become or who will become of draft age in each year from 1950 to 1960.

In 1950 the number of boys who became of draft age was 1,070,000.

In 1951 it was 1,040,000.

In 1952 it was 1,060,000.

In 1953, it was 1,090,000.

In 1954, it was 1,120,000.

In 1955, it will be 1,130,000.

In 1956, it will be 1,150,000.

In 1957, it will be 1,190,000.

In 1958, it will be 1,200,000.

In 1959, it will be 1,220,000.

In 1960, it will be 1,290,000.

One result of the increased birth rate is that we are having a manpower pool for the draft which is far in excess of the requirements of the service.

Today we were told by Dr. Howard A. Meyerhoff, who is Executive Director of the Scientific Manpower Commission, that 1,500,000 boys are in the military manpower pool awaiting physical examination or induction. That might be cause for congratulation from one standpoint, but it should be realized that with draft pools running only 10,000 a month, we are deferring a great many men, and by extending service liability to age 35 we are creating a prolonged period of uncertainty for men in the ages from 26 to 35, including a great many men who are engaged in the engineering and the scientific fields.

If there is one thing which must impress itself on anyone who has studied manpower problems, it is that today the great shortage of manpower and the great need for manpower are in the engineering and scientific fields. One has only to read the Sunday newspapers and look at the classified section to see the lengths to which engineering companies are going to attract young men.

I said to the committee that a few days ago there was in my office a young man who had just finished college. He told me that the lowest salary offered to him, now that he has a bachelor's degree in engineering, was $5,400, and that he had been canvassed by the representatives of several engineering firms who, in addition to offering him a salary of $5,400 a year, were offering him membership in a country club, a month's vacation, promises of travel, and many other things, if he would sign up with their companies.

The other day I also saw figures indicating that the engineers are at the top of the list, in terms of the offers being made to college graduates this year.

Dr. Meyerhoff, who appeared before the committee as a representative of the Manpower Commission, told us that in 1954, 54,000 engineers were graduated in Soviet Russia, whereas in the same year a little more than 19,000 engineers were graduated from accredited institutions in the United States. Furthermore, Dr. Meyerhoff pointed out that about 4,300 engineers were graduated in the United States in all fields of science, whereas the Soviet equivalent was from 7,400 to 7,500.

Even those figures do not tell the whole story, because in scientific fields we are using engineers for the construction of highways. Approximately 32,000 additional engineers will be required for the highway program the Senate already has endorsed. In addition, trained engineers are required for the construction of television sets, automobiles, and many other articles.

So the graduate pool of engineers in the United States has many other demands made upon it, in addition to the demands for engineers for the production of airplanes and electronic devices of one kind or another.

I feel very definitely that in failing to establish a new cutoff date for men who have liability for military service, we are adding to the uncertainty of those who are in the engineering field, and are handicapping ourselves.

At one point in the testimony given to the committee, I noticed figures showing that approximately 32 percent of the men between the ages of 26 and 35, who are employed for their engineering talents by various production firms in the United States, still have draft liability. I recognize that the easy argument is, "Well, they were deferred because they were in college or because they were necessary to some particular activity or industry." But the continued extension of draft liability up to age 35 is, I feel, a mistake, when we do not make some directive to guide the Selective Service Boards and the Director of the Selective Service System, so as to insure the availability of these young men for scientific pursuits or for the engineering vocations to which they have committed themselves.

The Director of the Scientific Manpower Commission suggested an amendment which would establish a cutoff date of, I think, 26 years of age, if I correctly remember the amendment. I was sorry the committee did not see fit to adopt the amendment I offered for that purpose.

I recognize that on the floor of the Senate, when the committee to which a measure of this kind has been referred, fails to report an amendment dealing with a subject which has so many ramifications as this one does, it is practically impossible to have such an amendment adopted, particularly at 7:15 in the evening, when many Members are not available to consider it.

Therefore, Mr. President, I have decided not to offer an amendment at this time. But I wish to make the very definite assertion that it is the responsibility of the Congress to examine the age limits—both the lower limit and the upper limit—and to consider the matter in the light of the need for greater assurance that these men can be exempted, so they will abe to take engineering courses and, after having taken them, will be available for industry and for engineering pursuits.

I wish to express the hope that if the Armed Services Committee takes up the proposals for a Reserve program, it will broaden its inquiry and make a real examination of the entire manpower problem. The legislative situation being what it is, Mr. President, I doubt that we shall be able, before adjourning in the latter part of July, to give this subject the consideration it should receive. But certainly it should be explored fully and completely; and before the 84th Congress completes its work, I hope we can present to the Congress a comprehensive manpower bill, not merely dealing with a simple extension of selective service, but also giving consideration to the needs of the country for scientifically trained men, for engineers, and having due regard for the civil economy, along with the military manpower needs.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, the statement made by Dr. Howard A. Meyerhoff, executive director of the Scientific Manpower Commission, on behalf of the Engineering Manpower Commission of the Engineers Joint Council and the Scientific Manpower Commission, when he appeared before the Senate Committee on Armed Services on June 9, 1955.

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

My name is Howard A. Meyerhoff. I am a geologist by profession, but at present I am serving as Executive Director of the Scientific Manpower Commission. This statement is being made on behalf of the Commission and also on behalf of our companion organization, the Engineering Manpower Commission of Engineers Joint Council. These two groups have a combined membership of approximately 340,000 persons, which are the backbone, and represent a substantial fraction of, the engineering and scientific community of the United States. Attached to our testimony are folders that list the constituent societies and describe the work of the two Commissions.

We are firmly convinced that the military strength of the United States must be maintained, and that its maintenance depends upon an adequately manned, active Military Establishment, and upon a Ready Reserve of sufficient size to meet any emergency that may confront us. These two requirements are, in our judgment, inseparable, and we regret that the legislation under consideration in these hearings deals with only one—the assurance of an adequate regular Military Establishment through the extension of the regular draft.

Although we heartily agree that the present law (cited as the Universal Military Training and Service Act) must be extended, we believe it should be extended with modifications that take full cognizance of the changes that have occurred since its original passage in 1948 and its extension, with amendments, in 1950 and 1951. In the latter years the Nation was involved in armed conflict, and it was also confronted with a shortage of military manpower. During the 4 years that have since elapsed both these conditions have changed, and the statistical data that have been incorporated in Committee Print No. 1, which was prepared for the use of this committee in considering H. R. 3005 and H. R. 6057, reveal a current situation which, in our judgment, will preclude the simple extension of a draft law that was adapted to conditions existing 4 years ago. Now, for example, there are more than 1,500,000 men in the military manpower pool awaiting physical examination or induction. Within a single year the numbers of available personnel have increased by 450,000. The age of induction has risen from the statutory 18.5 to 21.5; and if the law is merely extended, without taking this growing surplus into consideration, the age of induction would be well in excess of 24 years before the expiration of the act on July 1, 1959.

The present law also imposes a special liability upon certain groups of men. It provides (in sec. 6 (h)) "that persons who are or may be deferred under the provisions of this section shall remain liable for training and service in the Armed Forces or for training in the National Security Training Corps under the provisions of section 4 (a) of this act until the 35th anniversary of the date of their birth." Let us see upon whom this special liability falls: First of all, it falls upon those persons who are engaged in agricultural pursuits and who, to meet the exacting demands of farming even for a single season, have sought deferment; second, it hits those teachers, skilled laborers, scientists, engineers, and administrators whose services were found to be so indispensable that their employers sought and obtained deferment for them; third, it falls upon those young men who, while waiting for a long-delayed induction call, made good use of their time by continuing their studies and who sought to complete their university work through deferment rather than have it interrupted at an inopportune time by military service.

If he is questioned on the subject, General Hershey will, I am sure, tell you that it is absolutely impossible, under the present law, for all physically and mentally fit young men to serve because there are so many more than our Armed Forces can utilize. Each month 46,000 young men reach military age and the number is going up. Even with the abnormally high physical and mental standards that are being applied by the Armed Forces, only 12,000 of these 46,000 will be classified as IV–F. Of the remaining 34,000, only 10,000 per month are being called to service under the law, and even if generous allowance is made for the numbers of volunteers to the several branches of the service a substantial surplus is being added to the unutilized pool of military manpower each month. Under this law, then, more than a quarter of our men are being exempted for physical and mental reasons and an equal number will escape service because they are in excess of military requirements. The surplus will, moreover, increase rapidly with each successive year.

Yet, in the face of this paradoxical situation, the farmers, the skilled laborers, the engineers, the scientists, the teachers, and the students—the very people we may need more urgently elsewhere—are marked for service and are held liable for 9 years longer than those young men who are deemed to have no special qualifications for deferment. Gentlemen, in this respect, the law inadvertently has become highly discriminatory and exceedingly dangerous if we are to preserve our economic and industrial supremacy.

This committee is no less concerned with the adequacy of our technological defenses than are the engineering and scientific manpower commissions. In fact, in 1951 this committee had the foresight to point to the urgent and continuing need to preserve and to build up our technological strength. It stressed this need in title 1, section 1, of the Universal Military Training and Service Act. Unfortunately, our technological manpower is now in far more precarious position than is our military manpower. There is an acute shortage of the former and an embarrassing surplus of the latter.

At the moment we are not engaged in any military struggle, though we must remain prepared for one. On the other hand, we are engaged in a technological struggle in which our slight lead is seriously threatened. The severe manpower limitations under which we are working can readily be demonstrated: Our universities report that for each engineer and scientist graduated this month there are five jobs available. Beginning salaries have again increased and are at an all-time high for technologically trained men. Just Tuesday of this week I heard Mr. Kaufman, of the Atomic Energy Commission, report that, if the applications of atomic energy are to proceed at an optimum rate, 40,000 additional scientists and engineers will be required by the AEC and by industry within the next 2 years. Yet, the total 2-year output of our colleges and universities in all fields of science and engineering will be a scant 60,000, to be distributed among industry, education, and government. In studying President Eisenhower's roadbuilding program, highway engineers discovered that it will require 32,000 more civil engineers than exist.

Information in the Commission's files provides some interesting facts about many companies that are engaged in military research, development, and production. One

of these companies has 14,000 employees, of which 1,286 are engineers or scientists. The average age of these 1,286 specialists is 32, and 380, or 29 percent of them, have a military obligation. Another company, with 13,317 employees, has 1,098 scientists and engineers of average age 30. Of these, 350, or 32 percent, have military obligations. Still a third, with 18,000 on its payroll, has 2,143 scientists and engineers of average age 30.2. Of the latter, 503, or 23 percent, have military obligations—and this company is 98 percent occupied on defense electronic work. The current annual report of the Republic Aviation Corp. reveals graphically the extent to which research requirements in defense industries have increased. In 1940 it required 17,000 engineering man-hours to develop a military airplane. In 1955 a modern jet fighter required 1,380,000 engineering man-hours for its development; and the company predicts, from designs already on its drawing boards, that this figure will increase to 2,150,000 man-hours by the year 1960.

In view of these facts, we believe it imperative to amend the Universal Military Training and Service Act drastically in several particulars, so as to assure the maintenance of our technological strength as well as our military strength. To this end we recommend:

1. That all men who have already reached age 26 and who have been deferred for occupational or educational reasons be relieved of further military liability.

2. That the proviso in section 6 (h), which makes men who have been deferred liable for military service until age 35, be deleted from the act.

3. That the Selective Service System be specifically given the discretion and the responsibility of selecting men for service or for deferment in accordance with the agricultural, educational, and industrial needs of the Nation, as defined in the present revised lists, and in subsequent revisions of the lists, of critical occupations and essential activities. This objective will be accomplished by writing into the bill the amendments contained in S. 969, proposed by Senator FLANDERS.

4. That this committee make provision in section 4 (d) (3) for a 6-month training period, on a voluntary basis for men under 19, and on an assignment basis under regulations established by the President for those over 19 who are filling critical occupations in essential activities. Only by some such provision will every American male have the privilege of serving his country in uniform.

5. That section 4 (d) (3) be further amended to provide that the Reserve shall be screened into ready and standby components; that individuals in the Ready Reserve who possess critical skills shall be transferred to the Standby Reserve in accordance with regulations promulgated by the President; and that the availability of members of the Standby Reserve for additional military service be determined by the Director of Selective Service in accordance with regulations promulgated by the President.

These changes are dictated by the exigencies of the present situation, which involves a rapidly increasing military manpower pool, a steadily rising age of induction, an inadequate supply of scientific and technological manpower, and a broadening avenue of escape especially for young men who lack skills that are urgently needed for the national welfare and security. It is our misfortune that we cannot create new scientists and engineers by a simple process of induction. We must persuade individual men to enter those careers and then must wait 4 to 7 years while they acquire the training that will enable them to undertake productive work. Under these circumstances, we cannot afford to waste a single bit of our technological manpower. Nor in the national interest can we—nor do we want to—relieve any of them from the duty and privilege of every citizen to bear arms for his country.

Mr. RUSSELL. Mr. President, I appreciate the remarks of the Senator from South Dakota. In the hearings before the committee, the distinguished Senator from South Dakota and especially the distinguished junior Senator from Missouri [Mr. SYMINGTON] went very fully into the question of skilled technicians and the shortage which impends in the United States. I think there is a real shortage. Just how to relieve it and just how the draft has caused the shortage of engineers are debatable questions.

As the Senator from South Dakota has said, there are many ramifications of this question. We have constantly to examine into these matters. Within a very few years there have been great changes in the manpower pool in the United States.

In 1951, when we were dealing with the so-called depression crop of young persons subject to the draft, we had to reduce the minimum age from 19 to 18½, in order to get enough young men to meet the requirements of Selective Service, and then we were scraping the very bottom of the barrel.

Today, it looks as if there might be an excess number, and that more young men than will be required for the military service will be reaching the age of service.

Certainly it is our responsibility to keep in touch with this entire subject—not only with the aspect of it affecting scientific technicians, which the Senator from South Dakota has discussed in some detail, but also with all other aspects of the Selective Service System. That comes within the purview of the jurisdiction of the Armed Services Committee. Speaking as the one who at this time occupies the position of chairman of the committee, I wish to state that I will welcome the advice, assistance, and legislative suggestions of the distinguished Senator from South Dakota [Mr. CASE] in the effort to find concrete means of approaching relief in connection with this subject. Knowing as I do the ability of the distinguished Senator from South Dakota, I am sure he will bring to us his legislative suggestions.

Mr. CASE of South Dakota. Mr. President, I appreciate the kind remarks of the distinguished chairman of the Armed Services Committee.

In order to nail down for the RECORD the specific suggestion which was made, I should like to read, from page 55 of the hearings, a statement and a question. The question was asked by the Senator from North Carolina [Mr. ERVIN] at the time when Dr. Meyerhoff appeared before the committee. I now read from page 55 of the hearings:

Senator ERVIN. Your main suggestion about amendment of the Selective Service Extension Act is about cutting off the period of time in which those are deferred in order that they might pursue an engineering or scientific education and also for other purposes, that they ought to cut them off at the 26-year age limit and not keep them in a state of uncertainty until 35.

Dr. MEYERHOFF. Yes, sir; for several reasons. As the figures we have and were presented to you in very brief summary show, a very large percentage of our engineers is below age 32.

I have a chart here which I would like to show you, that will indicate to you, you will see the number of men of military obligation and I think it will make it clear that if we take the engineers under age 35, they constitute what percentage?

Mr. CAVANAUGH. Almost 50 percent. One of the astounding things in this picture is we graduated 245,000 since 1937, which is almost half of the size of the entire profession in the United States.

I recognize that these men can continue in their deferment, but the uncertainty harasses them and harasses the companies which engage them. Since the manpower pool is now running about 1½ million who have not yet been physically examined, and since each month 46,000 young men are reaching military age, and the number constantly increases, whereas the calls are for only 10,000, it seems to me that we really ought to clarify the liability of men past 26 years of age, and offer whatever encouragement can be offered to those in the engineering field to proceed with their careers, without the threat of the draft hanging over them, or without having to be rescreened every 6 months or so.

Mr. President, I express my appreciation to the chairman of the committee for his indulgence in yielding to me and allowing me to speak, as it were, on his time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. MARTIN] to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. RUSSELL. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Georgia will be stated.

The LEGISLATIVE CLERK. On page 5, line 24, in the committee amendment, after the word "has", it is proposed to insert the word "been."

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

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 3005) was read the third time and passed.

The title was amended so as to read: "An act to further amend the Universal Military Training and Service Act by extending the authority to induct certain individuals and by extending the authority to require the special registration, classification, and induction of certain medical, dental, and allied specialist categories, and for other purposes."

Mr. RUSSELL. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. RUSSELL, Mr. BYRD, Mr. JOHNSON of Texas, Mr. SALTONSTALL, and Mr. BRIDGES conferees on the part of the Senate.

Mr. KNOWLAND. 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. Without objection, it is so ordered.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1956

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 549, House bill 6042, the Defense Department appropriation bill.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 6042) making appropriations for the Department of Defense for the fiscal year ending June 30, 1956, and for other purposes.

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

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

CAPT. MOSES M. RUDY—CHANGE OF CONFEREES

Mr. JOHNSON of Texas. Mr. President, on behalf of the chairman of the Committee on the Judiciary [Mr. KILGORE], I ask unanimous consent that the Senator from Mississippi [Mr. EASTLAND] be excused from further service as a conferee on the bill (H. R. 1142) for the relief of Capt. Moses M. Rudy, and that the Senator from Arkansas [Mr. MCCLELLAN] be designated to serve in his place.

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

RESEARCH IN DEVELOPMENT AND UTILIZATION OF SALINE WATERS—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, on behalf of the Senator from New Mexico [Mr. ANDERSON], 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. 2126) to amend the act of July 3, 1952, relating to research in the development and utilization of saline waters. 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 report was read, as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2126) to amend the act of July 3, 1952, relating to research in the development and utilization of saline waters, 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 and agree to the same with an amendment as follows: In lieu of the matter inserted by the Senate amendment insert the following:

"That the Act of July 3, 1952 (66 Stat. 328; 42 U. S. C., secs. 1951 ff.), is hereby amended as follows:

"(1) By modifying subsection (a) of section 2 of said Act so as to read: 'by means of research grants and contracts as set forth in subsection (d) of this section and by use of the facilities of existing Federal scientific laboratories within the monetary limits set forth in section 8 of this Act, to conduct research and technical development work, to make careful engineering studies to ascertain the lowest investment and operating costs, and to determine the best plant designs and conditions of operation.'

"(2) By modifying section 3 of said Act to add the following: 'Similarly, the fullest cooperation by and with the Atomic Energy Commission and the Civil Defense Administration in research shall be carried out in the interest of achieving the objectives of the program.'

"(3) By modifying section 8 of said act so as to read: 'There are authorized to be appropriated such sums, but not more than $10,000,000 in all, as may be required (a) to carry out the provisions of this act during the fiscal years 1953 to 1963, inclusive, (b) to finance for not more than two years beyond the end of said period such grants, contracts, cooperative agreements, and studies as may theretofore have been undertaken pursuant to this act, and (c) during the same additional period plus one more year, to correlate, coordinate, and round out the results of studies and research undertaken pursuant to this act. Departmental expenses for direction of the program authorized by this act and for the correlation and coordination of information as provided in subsection (d) of its section 2 shall not exceed $2,000,000 and not more than $2,500,000 shall be expended for research and development in Federal laboratories. Both of said sums shall be scheduled for expenditure in equal annual amounts insofar as is practicable: *Provided*, That not to exceed 10 per centum of the funds available in any one year for research and development may be expended in cooperation with public or private agencies in foreign countries in the development of processes useful to the program in the United States: *And provided further*, That contracts or agreements made in pursuance of this proviso shall provide that the results or information developed in connection therewith shall be available without cost to the program in the United States herein authorized.' "

And the Senate agree to the same.

CLINTON P. ANDERSON,
HENRY M. JACKSON,
JOSEPH C. O'MAHONEY,
EUGENE D. MILLIKIN,
ARTHUR V. WATKINS,
Managers on the Part of the Senate.

CLAIR ENGLE,
WAYNE N. ASPINALL,
LEO W. O'BRIEN,
A. L. MILLER,
JOHN P. SAYLOR,
Managers on the Part of the House.

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

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

Mr. KNOWLAND. Mr. President, I understand that this report is signed by all the conferees on both sides.

Mr. JOHNSON of Texas. That is my understanding. It was handled by the distinguished Senator from New Mexico [Mr. ANDERSON], and there is no controversy involved. All the conferees signed the report.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement by the Senator from New Mexico [Mr. ANDERSON].

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

STATEMENT BY SENATOR ANDERSON IN CONNECTION WITH CONFERENCE REPORT ON H. R. 2126

Although it is not customary for the managers on the part of the Senate to make a statement in connection with a conference report on the disagreeing votes of the two Houses on Senate amendments to a House bill, because of its importance I desire to call the attention of the Senate to the conference report on H. R. 2126, to amend the act of July 3, 1952, relating to research in the development and utilization of saline water. The conferees of the two Houses, at the session yesterday, were unanimous in accepting the Senate amendments which place emphasis on the importance and urgency of the saline water program, which was inaugurated by the act of July 3, 1952.

The language recommended in the conference report is designed to assure close cooperation and coordination of the saline water program with and by the Atomic Energy Commission and the Civil Defense Administration for the purpose of achieving the objectives of the program. Emphasis is placed on national and world conditions which require tying the saline water program in with activities of the Atomic Energy Commission and the Civil Defense Administration.

It was the view of the conferees that the Secretary of the Interior would be expected to energize the program with the increased authorization of funds to be appropriated so as to bring about early solution of the problem of converting saline water to potable uses at economical costs. The situations with respect to water supplies in this country are becoming exceedingly critical in many areas. This condition is brought about by the rapidly increasing population and expanding industry with heavy drains on the existing water supplies. The demineralization of brackish water in the irrigated agricultural areas of the West is also a vital consideration.

Of even more importance in advancing this program is national and international conditions in this atomic age which emphasize the urgency of bringing the objectives of this program to a satisfactory conclusion. Concrete results are vital to the safety, security, and health of large segments of the 160 million people in this country.

All concerned with this program should be on notice that the expanded implementation provided by this legislation is expected to bring results that will be available to meet emergencies and have long-time continuing values to the country.

Approval of the conference report will be tantamount to concurrence of the Senate in these views for the information of the Department and the Bureau of the Budget in recommending appropriations.

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

The report was agreed to.

CONSTRUCTION OF DISTRIBUTION SYSTEMS ON AUTHORIZED FEDERAL RECLAMATION PROJECTS—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, on behalf of the Senator from New Mexico [Mr. ANDERSON], 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. 103) to provide for the construction of distribution systems on authorized Federal reclamation projects by irrigation districts and other public agencies. 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 report was read, as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 103) to provide for the construction of distribution systems on authorized Federal reclamation projects by irrigation districts and other public agencies, 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 and agree to the same with an amendment as follows: In lieu of the matter inserted by the Senate amendment insert the following:

"That irrigation distribution systems authorized to be constructed under the Federal reclamation laws may, in lieu of construction by the Secretary of the Interior (referred to in this Act as the 'Secretary'), be constructed by irrigation districts or other public agencies according to plans and specifications approved by the Secretary as provided in this Act.

"SEC. 2. To assist financially in the construction of the aforesaid local irrigation distribution systems by irrigation districts and other public agencies the Secretary is authorized, on application therefor by such irrigation districts or other public agencies, to make funds available on a loan basis from moneys appropriated for the construction of such distribution systems to any irrigation district or other public agency in an amount equal to the estimated construction cost of such system, contingent upon a finding by the Secretary that the loan can be returned to the United States in accordance with the general repayment provisions of sections 2 (d) and 9 (d) of the Reclamation Project Act of August 4, 1939, and upon a showing that such district or agency already holds or can acquire all lands and interests in land (except public and other lands or interests in land owned by the United States which are within the administrative jurisdiction of the Secretary and subject to disposition by him) necessary for the construction, operation, and maintenance of the project. The Secretary shall, upon approval of the loan, enter into a repayment contract which includes such provisions as the Secretary shall deem necessary and proper to provide assurance of prompt repayment of the loan. The term 'irrigation district or other public agency' shall for the purposes of this Act mean any conservancy district, irrigation district, water users' organization, or other organization, which is organized under State law and which has capacity to enter into contracts with the United States pursuant to the Federal reclamation laws.

"SEC. 3. The Secretary shall require as a condition to any such loan, that the water users' organization contribute in money or materials, labor, lands, or interests in land, computed at their reasonable value, a portion, not in excess of ten per centum, of the construction cost of such project (including all costs of acquiring lands, and interests in land), and that the plans for the distribution system are in accord with sound engineering practices and will achieve the purposes for which the system was authorized. Organizations contracting for repayment of the loans shall operate and maintain such works in conformity with reasonable contractual requirements determined to be appropriate for the protection of the United States, and when full repayment has been made to the United States, the Secretary shall relinquish all claims under said contracts. Title to distribution works constructed pursuant to this Act shall at all times be in the contracting water users' organizations. In addition to any other authority the Secretary may have to grant rights-of-way, easements, flowage rights, or other interests in lands for project purposes, the Secretary or the head of any other executive department may sell and convey to any irrigation district or other public agency at fair value lands and rights-of-way owned by the United States (other than lands being administered for national park, national monument, or wildlife purposes) which are reasonably necessary to the construction, operation, and maintenance of an irrigation distribution system under the provisions of this Act. No benefits or privileges under reclamation laws including repayment provisions shall be denied an irrigation distribution system because such system has been constructed pursuant to this Act. The provisions of this Act shall apply only to irrigation purposes, including incidental domestic and stock water, and loans hereunder shall be interest free. Nothing in this Act shall be construed to repeal or limit the procedural and substantive requirements of section 8 of the Act of June 17, 1902.

"SEC. 4. Except as herein otherwise provided, the provisions of the Federal reclamation laws, and Acts amendatory thereto, are continued in full force and effect."

And the Senate agree to the same.

CLINTON P. ANDERSON,
HENRY M. JACKSON,
JOSEPH C. O'MAHONEY,
EUGENE D. MILLIKIN,
ARTHUR V. WATKINS,
Managers on the Part of the Senate.

CLAIR ENGLE,
WAYNE N. ASPINALL,
LEO W. O'BRIEN,
A. L. MILLER,
JOHN P. SAYLOR,
Managers on the Part of the House.

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

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

Mr. KNOWLAND. Mr. President, I wish to make a similar inquiry to the one propounded by me with respect to the previous conference report. Is my information correct, that this report was also signed by all the conferees on both sides, on the part of the Senate?

Mr. JOHNSON of Texas. That is my information.

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

The report was agreed to.

LEGISLATIVE PROGRAM — UNANIMOUS-CONSENT AGREEMENT TO LIMIT DEBATE ON DEFENSE DEPARTMENT APPROPRIATION BILL

Mr. JOHNSON of Texas. Mr. President, the Defense Department appropriation bill is the unfinished business. However, it is planned, when the Senate convenes tomorrow, to take up the Austrian treaty. At the conclusion of the consideration of the Austrian treaty, it may be that there will be some general bills on the calendar to which no objection has been offered, and which have been cleared by the minority leader and by the policy group on this side of the aisle.

I shall now list the order numbers, so that Senators who may be interested in any of the bills will be on notice that it is possible that they will be taken up either before the Austrian treaty is considered tomorrow, or following consideration of the Austrian treaty.

The list is as follows:

Calendar No. 518, House bill 4573, authorizing Gus A. Guerra, his heirs, legal representatives, and assigns, to construct, maintain, and operate a toll bridge across the Rio Grande, at or near Rio Grande City, Tex.

Calendar No. 519, House bill 2984, authorizing E. B. Reyna, his heirs, legal representatives and assigns to construct, maintain, and operate a toll bridge across the Rio Grande, at or near Los Ebanos, Tex.

Calendar No. 543, House bill 208, granting the consent of Congress to the States of Arkansas and Oklahoma, to negotiate and enter into a compact relating to their interests in, and the apportionment of, the waters of the Arkansas River and its tributaries as they affect such States.

Calendar No. 544, House bill 3878, to amend section 5 of the Flood Control Act of August 18, 1941, as amended, pertaining to emergency flood control work.

Calendar No. 545, House bill 4426, to amend section 7 of the act approved September 22, 1922, as amended.

Order No. 546, House bill 5293, to authorize certain sums to be appropriated immediately for the completion of the construction of the Inter-American Highway.

Order No. 547, Senate bill 890, to extend and strengthen the Water Pollution Control Act.

Order No. 548, Senate bill 1550, authorizing the State Highway Commission of the State of Maine to construct, maintain, and operate a free highway bridge across the St. Croix River between Calais, Maine, and St. Stephen, New Brunswick, Dominion of Canada.

Order No. 549, House bill 6042.

Mr. KNOWLAND. Mr. President, Order No. 549 is the unfinished business.

Mr. JOHNSON of Texas. That is correct. I am sorry. I may say to the Senator, however, that it may be taken up tomorrow, but I am sure there will not be any votes on Friday or on Saturday, and if we are able to obtain a unanimous consent agreement, we will not have any votes before 3 o'clock on Monday.

Order No. 550, Senate bill 2237, to amend the act of May 26, 1949, to strengthen and improve the organization of the Department of State, and for other purposes.

Order No. 551, Senate Resolution 93, to appoint a subcommittee to work toward the goal of world disarmament.

Order No. 552, Senate Resolution 112, to appoint Members of the Senate to attend the North Atlantic Treaty Organization Conference in Paris in July 1955.

Order No. 553, Senate Concurrent Resolution 29, authorizing the appointment of a congressional delegation to attend the North Atlantic Treaty Organization Parliamentary Conference.

Order No. 555, House bill 5841, to repeal the fee-stamp requirement in the Foreign Service and amend section 1728 of the Revised Statutes, as amended.

Order No. 556, House bill 5842, to repeal a service charge of 10 cents per sheet of 100 words, for making out and authenticating copies of records in the Department of State.

Order No. 557, House bill 5860, to authorize certain officers and employees of the Department of State and the Foreign Service to carry firearms.

Order No. 558, Senate bill 1966, to amend the Interstate Commerce Act to provide for filing of documents evidencing the lease, mortgage, conditional sale, or bailment of motor vehicles sold to or owned by certain carriers subject to such act.

Order No. 560, Senate Joint Resolution 77, to modify the authorized project for Ferrells Bridge Reservoir, Tex., and to provide for the local cash contribution for the water supply feature of the reservoir.

Order No. 561, House bill 6410, to authorize the construction of a building for Museum of History and Technology for the Smithsonian Institution, including the preparation of plans and specifications, and all other work incidental thereto.

Order No. 562, Senate bill 2097, to authorize the transfer to the Department of Agriculture, for agricultural purposes, of certain real property in St. Croix, V. I.

Order No. 563, Senate bill 2098, to amend Public Law 83, 83d Congress.

Order No. 564, House bill 2973, to provide for the conveyance of all right, title, and interest of the United States in a certain tract of land in Macon County, Ga., to the Georgia State Board of Education.

Order No. 565, House bill 5188, to prohibit publication by the Government of the United States of any prediction with respect to apple prices.

Order No. 566, Senate bill 1472, to enable the Secretary of Agriculture to extend financial assistance to desert land entrymen to the same extent as such assistance is available to homestead entrymen.

Order No. 567, Senate bill 1757, to amend the act known as the "Agricultural Marketing Act of 1946," approved August 14, 1946.

Order No. 568, Senate bill 1759, to consolidate the Hatch Act (1887) and laws supplementary thereto relating to the appropriation of Federal funds for the support of agricultural experiment stations in the States, Alaska, Hawaii, and Puerto Rico.

Order No. 569, Senate bill 1400, to protect the integrity of grade certificates under the United States Grain Standards Act.

I have previously announced the possibility of bringing up additional bills. It may be too optimistic to expect that we can consider all of these bills, but I should like to have the Senate on notice that if we have the time we will feel at liberty to proceed to their consideration.

Mr. President, on behalf of myself and the distinguished minority leader, I now submit a unanimous-consent request, and I ask that it be stated.

The PRESIDING OFFICER. The Secretary will state the unanimous-consent request.

The legislative clerk read the proposed unanimous-consent agreement, as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Monday, June 20, 1955, at the conclusion of routine morning business, during the further consideration of the bill H. R. 6042, the Department of Defense Appropriation Act, 1956, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 2 hours, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders.

Mr. KNOWLAND. Mr. President, will the distinguished majority leader yield to me for a question?

Mr. JOHNSON of Texas. I yield.

Mr. KNOWLAND. It is my understanding that, so far as Monday is concerned, the Senate will meet at 12 noon. Is that correct?

Mr. JOHNSON of Texas. That is correct. Under a further understanding with the distinguished minority leader on the Defense Department appropriation bill, it is not expected that there will be any votes before 3 o'clock.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and the agreement is entered into.

RECESS

Mr. JOHNSON of Texas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 33 minutes p. m.) the Senate took a recess until tomorrow, Friday, June 17, 1955, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate, June 16 (legislative day, June 14), 1955:

CALIFORNIA DEBRIS COMMISSION

Col. William F. Cassidy, Corps of Engineers, to be president and member of the California Debris Commission, under the provisions of section 1 of the act of Congress approved March 1, 1893 (27 Stat. 507) (33 U. S. C. 661).

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 16, 1955

The House met at 10 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, as we again assemble to engage in the business of statecraft, may our minds become the chambers of pure motives and high resolves and, at the close of the day, the dwelling place of peace and happy memories.

Grant that daily we may be sustained by a great faith which knows how to conquer all paralyzing doubts and petty fears.

Inspire us with a radiant hope as we strive to be partners with Thee and with one another in the glorious enterprise of building the kingdom of peace and righteousness upon the earth.

Direct us now in our deliberations and decisions and may the words of our mouth and the meditations of our heart always be acceptable in Thy sight, O Lord, our strength and our Redeemer.

Hear us in Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) entitled "An act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes."

COMMITTEE ON WAYS AND MEANS

Mr. COOPER. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight Saturday night to file reports on the bills H. R. 6040, H. R. 5936, and H. R. 5560, and that the same length of time be allowed for the filing of any minority report or separate views upon any or all of those bills.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

FATHER'S DAY IS SUNDAY

Mr. HÉBERT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. HÉBERT. Mr. Speaker, Father's Day is Sunday.

And from "way down yonder in New Orleans" you and each Member of the House and Senate, and President Eisenhower as well, is being remembered today. To each Member's office today is being delivered a handsome Father's Day tie created by the world's largest manufacturer of neckwear, Wembley of New Orleans.

I have been asked by Mr. S. C. Pulitzer, president of Wembley's, to deliver this tie to you with his compliments and good wishes. This thought for Father's Day was arranged with Mr. Pulitzer and Wembley through the cooperation of my close personal friend, Charles Labiche, president of Labiche's, one of the finest clothing stores in New Orleans. Of course they are from my district. I sure have nice constituents, do I not?

New Orleans during recent years has become one of the great industrial centers in the Deep South. Its industrial growth has been phenomenal and the growth of Wembley is typical of the progress being made. From a small business enterprise 20 years ago Wembley has grown to the position of the world's largest neckwear manufacturer. It is a tribute to what we like to call the American method of free enterprise.

New Orleans, America's most interesting city, has long been known as the city that care forgot. Today it is more than that. New Orleans is today the city that care forgot and industry remembered.

I hope you enjoy wearing this tie on Father's Day as a symbol of the new industrial South, particularly New Orleans. I invite you to come to New Orleans soon and if you do I promise you a trip on Bourbon Street—of course that is my district. We have got everything.

Elaborating on Wembley and the new industrial South as reflected in the New Orleans area, I believe you would be interested in knowing the story of Wembley and how it happened. The story of Wembley is the story of an American company.

Wembley is a young company—even as youth and age are measured in American business. Yet, in little more than a quarter century, it has risen to become the leader in the entire neckwear industry. Its success is a shining chapter from the story of American free enterprise—whether north, south, east, or west.

Founded in New Orleans on July 28, 1926, by Samuel C. Pulitzer and Emanuel S. Pulitzer, Wembley operated a small neckwear manufacturing business in a limited territory covering the States of Louisiana, east Texas, southern Mississippi, and southern Alabama, manufacturing popular priced neckwear.

You are in New Orleans on a summer afternoon in 1935. You are looking in on a small neckwear factory on the third floor of an ancient side street building. Two brothers are fighting to widen their slim foothold in a market already crowded with big and well-established competitors.

And then it happens. One brother has removed the jacket of his handsome new summer suit and left it proudly draped on a coatrack. The other brother sees the jacket and removes it from its hanger. He examines the fabric with sharp eyes and knowing fingers. Glancing over his shoulder to make sure his partner is out of sight, he reaches for his shears.

In that one magic moment comes an idea that shapes the whole future of the little tie business—for these two men knew what to do with that idea, and from it they built their almost unknown company into the world's largest manufacturer of neckwear—Wembley, Inc.

Today, Wembley has nationwide distribution in almost every town and city of the United States, and Wembley neckwear is shipped to about 30 foreign countries in the Free World where Wembley has export sales representatives.

The general offices and plant of Wembley, Inc., occupy nearly 100,000 square feet of space in the Pendleton Terminal Building in New Orleans.

The cutting tables at Wembley are the longest in the entire clothing industry, each of the 4 tables being approximately 332 feet long.

Wembley, Inc., also has the following offices throughout the United States: Eastern sales office, 3005–6 Empire State Building, New York, N. Y.; eastern warehouse, Newark, N. J.; midwestern sales office, 866 Merchandise Mart, Chicago, Ill.; western sales office and warehouse, 2701 South Broadway, Los Angeles, Calif.

The Los Angeles warehouse ships to 11 Western States, Hawaii, and Alaska, and has resulted in Wembley being able to give much faster service at much lower transportation costs to customers in those States and United States Territories.

In order to service better the thousands of customers in the important northeastern section of the United States, Wembley is now planning to open a large, new, modern warehouse and shipping office in northern New Jersey and close to New York City.

The present officers of Wembley, Inc., are Samuel C. Pulitzer, president; Emanuel S. Pulitzer, executive vice president-treasurer; Alfred F. Hanson, vice president-secretary; Hyman "Bud" Lewine, vice president; Aubrey L. Gouner, vice president; and Joseph Lionel Caillouet, vice president.

America, the neckwear industry, and Wembley have all made amazing changes since 1926.

The Wembley story is an account of bold, imaginative, and progressive management decisions. Its consistent growth to the undisputed leader in its field demonstrates the truth and the strength of the American idea that success in industry comes from making better products available to the customer, backed by the first, greatest, and only consistent national advertising program in the neckwear industry, which has presold Wembley in the minds of millions of consumers the world over.

And above all, it shows what can result, yesterday, today, or tomorrow—from the cooperative effort and skills of people working freely together with a common purpose.

Wembley's past has been strong, versatile, and progressive.

Its future is dedicated to upholding the same high standards of quality, style, and new-product development which have played so significant a part in its history to date.

This is the story of Wembley. This is the story of free enterprise in America. This is the story so typical of a new South, a new industrial South. This is the story of a new New Orleans which still retains the charm of old New Orleans.

This is the typical story of New Orleans, the city that care forgot and industry remembered.

NATIONAL SCIENCE FOUNDATION

Mr. REECE of Tennessee. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. REECE of Tennessee. Mr. Speaker, every day it becomes more evident to me that the advantage the United States enjoys in the contest it is waging with the Iron Curtain countries is based on its advantage in the basic sciences and technology. We can only hope to surpass these countries through our superior technology and not through our numbers. Russia and China will always be able to sacrifice the lives of more people than the countries of the free world who value the life of every individual so highly. Our hope lies in making the people of the free world more effective than their potential enemies.

The National Science Foundation is one branch of our Government which was specifically directed by both the Congress and the President to make us stronger than our potential enemies. On March 17, 1954, the President issued an Executive order to strengthen the conduct and administration of the scientific research and development programs of the Federal Government. The White House, in announcing this new Executive order, said:

> The order directs the National Science Foundation to make studies of the scientific activities of the Nation and to recommend to the President policies to strengthen the research effort and define the Federal Government's role in it. The Foundation, over a period of time, is expected to become increasingly responsible for providing Federal support for basic research carried on in universities and other nonprofit institutions.

Other Federal agencies, however, will continue to carry on basic research which is closely related to their statutory missions.

The Foundation will also study the effects of Federal research support on the Nation's educational institutions and recommend policies and procedures to promote the attainment of the Federal research objectives while safeguarding the strength and independence of the educational institutions.

Mr. Speaker, I wholeheartedly endorse the President's statement.

With this background in mind, I was surprised to learn of the nature of some of the projects reported in the eighth quarterly report of the National Science Foundation as "Government sponsored and Government supported research." I fear there is a tendency to use the word "science" as a magic word to justify all kinds of projects which could never stand on their own feet otherwise.

Prof. A. H. Hobbs, of the University of Pennsylvania, in his book Social Problems and Scientism, deplores our tendency to justify all manner of research as scientific areas where, in fact, there is nothing scientific about it.

Mr. Speaker, let me list a few of the projects from the eighth quarterly report which I do not think contribute by any stretch of the imagination toward the objectives outlined by the President when he issued his Executive order in March of a year ago. The following are taken directly from the eighth quarterly report of the National Science Foundation on the Social Sciences and Interdisciplinary Areas:

Institution	Investigator	Termination date	Identifying number	Agency	Title
PHYSICAL ANTHROPOLOGY					
AES,[1] University of Arkansas	C. A. Ridder		BJ9, 377	ARS,[1] OES	Space requirements for typical activities requiring sitting, using unupholstered straight chairs selected in relation to body measurements of adults (p. 10).
AES, University of Tennessee	L. Gassett		BJ9, 43	ARS,[1] OES	Relationships between specified body measurements and space used for sitting, rising, reaching, and bending (p. 11).
SOCIOLOGY					
Family:					
University of California	H. E. Jones	June 1955	M-732	PHS,[2] NIH	The reactions of young children to the birth of a sibling (p. 25).

[1] Department of Agriculture, Agricultural Research Service. Office of Experiment Stations.

[2] Department of Health, Education, and Welfare, Public Health Service, National Institutes of Health.

Mr. Speaker, I want to inform my colleagues that a sibling means a brother or sister.

Institution	Investigator	Termination date	Identifying number	Agency	Title
SOCIOLOGY					
Family:					
Family and Child Services, Inc.	L. J. Yarrow	October 1955	3M, 9077	PHS,[1] NIH	Effects of change in mother figure during infancy on personality development (p. 26).
AES, University of Nebraska	K. L. Cannon, R. Gingles		BJ9, 486	ARS,[2] OES	High school girls who marry before reaching the age of 19 (p. 27).
Housing:					
AES, Alabama Polytechnic Institute.	K. Philson, W. Grub		BJ9, 532	ARS,[2] OES	Evaluation of movable free standing storage units designed to meet family needs (p. 36).
AES, University of Arkansas	H. Wells, T. O. Hodges		BJ9, 326	ARS,[2] OES	Space, storage and arrangement requirements for a combination living and sleeping area and for bedding and household linens.
Johns Hopkins University	M. Taback, W. A. Cochran	February 1956	RG, 4083	PHS,[1] NIH	The effects of public housing on the health and social adjustment of rehoused families (p. 37).
AES. University of Maine	M. M. Monroe		RRF, 7	ARS,[2] OES	Activities related to family leisure and recreation and play of children: storage of children's toys and play materials.
AES, Montana State College	E. W. McCormick, V. Williams.		RRF, 31	ARS,[2] OES	The arrangement of and the space required for efficient storage of home sewing equipment (p. 38).

[1] Department of Health, Education, and Welfare, Public Health Service, National Institutes of Health.

[2] Department of Agriculture, Agricultural Research Service, Office of Experiment Stations.

Mr. Speaker, I want to emphasize that many of the projects listed in this report can be of great value and can supply useful information in connection with our psychological and cultural activities necessary to combat communism. I am not finding fault with research in the social sciences. Again I wish to emphasize that we should support projects in pure science even though we cannot see any immediate application. That is quite different, however, from supporting projects such as I have listed which, I believe, Professor Hobbs would call scientism instead of science. My concern lies in the fact that we cannot afford to waste manpower or money in the pursuit of useless projects.

This tendency to collect statistics in the name of science on everything and anything is carried over into the United Nations. The Secretariat of the Economic and Social Council published an elaborate report on the Traffic in Women and Children. Mr. Speaker, certainly I believe we should do everything in our power to suppress traffic in women and children. However, collection of statistics on the nationality of prostitutes in various countries does not aid that enterprise.

The United Nations report issued March 31, 1953, No. E/TWC/Summary 1948–1950/Addendum, contains this valuable information:

QUESTION II. LICENSED OR RECOGNIZED BROTHELS

If any system of regulation exists in your country, please give—

(a) The number of brothels which are licensed or recognized;

(b) The number and nationality of the prostitutes who are inmates of these brothels; and

(c) The number and nationality of the other prostitutes who are inscribed or registered.

The following Governments answered "nil" or stated that there were no licensed brothels in their countries: Belgium, Iran, Israel, Monaco, Rumania—(p. 4).

REPLIES

China

Licensed brothels, as an institution, have never existed in the Republic of China, while unlicensed brothels are prohibited by law.

Because of the prevailing circumstances in Taiwan Province, however, permission has been given for the operation of 60 "special wine houses" in the various districts and municipalities of the province. Licenses have been issued to a total of 811 "hostesses" serving in these houses. Both the houses and hostesses are controlled by the regulations governing "special wine houses" in the districts and municipalities of Taiwan Province, and by the regulations governing the medical examination of the hostesses, all of whom are citizens of China.

Lebanon

(a) Number of licensed brothels: 98;

(b) Number and nationality of prostitutes: Lebanese, 301; Syrian, 211; Palestinian, 39; and Brazilian, 1.

(c) Number of licensed prostitutes: 467.

(d) Number of clandestine prostitutes, 72; including 54 of Lebanese, 10 of Syrian, and 8 of Palestinian nationality (p. 5).

Mr. Speaker, I wonder how the United Nations counted and tabulated the clandestine prostitutes?

The United Nations Educational, Scientific, and Cultural Organization has also produced a very elaborate book entitled "Culture and Human Fertility"

which reviews the sex mores of various primitive tribes located all over the world. I am certain my colleagues will be gratified to learn that our contributions to UNESCO helped to pay for studies which produce such important findings as the following, which refers to the Nkundo tribes in Africa:

> Sex has always been treated naturally and under normal conditions carries no suggestion of shame. Mothers assist little girls in modeling their sexual organs to facilitate later sexual acts. Sexual motifs are present in many dances. The tattooing of girls emphasizes sexual characteristics. There was also an ancient custom of douching after coitus, using gourds; but there is no indication that this was regarded as a contraceptive practice. Coitus interruptus, except in the ritualistic relations of spouses mentioned above, was never practiced. Infanticide was unknown (p. 124).

We should reexamine our contributions to UNESCO in the light of these activities.

Mr. Speaker, my only purpose in bringing these matters to the attention of the House is to make sure that the very limited funds which are available for work in the social sciences are used to further those projects which will enable man to adjust better to his environment and to improve his relations with his fellowmen. Real science in this area is of incomparable value. Expensive nonsense is not a proper burden on the American taxpayer.

RELIGIOUS PERSECUTION IN ARGENTINA

Mr. ANFUSO. 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. ANFUSO. Mr. Speaker, I think that President Peron of Argentina is either losing the grip of his people or else he is on the verge of losing his own mind. He is going the way of all dictators when he seeks to destroy religion in his country. Hitler, Mussolini, and Stalin could not do it. A million Perons in Argentina could never destroy the Catholic Church in that country. Religion cannot be cut out of the hearts and the minds and the souls of millions of people by the edict of a dictator.

I am sure that many people, reading the reports in the press in recent days concerning the attacks on the Catholic Church by the Peron government in Argentina, are wondering just what is going on there. Unfortunately, as we all know, there is a severe restriction on the press in that country and of late since the flareup of the church-state conflict there is an almost total blackout of news from Argentina. I say "almost total" because, while information is disseminated concerning the Peron government's position, little or nothing reaches us from there on the church's position.

The antichurch campaign was initiated by Peron last November, following the enactment of laws abolishing religious education from the schools, and legalizing divorce and prostitution. Since then a regular cold war against the Catholic Church in Argentina was pursued by the Peron government, but of late it is getting hotter by the day.

During these past few months a full-fledged reign of terror and religious persecution is the order of the day in Argentina against leading clergymen, Catholic teachers, nuns, and laymen. At last reports, more than 60 priests have been thrown into jails, nuns have been removed from orphanages and homes, and every attempt on the part of the people to demonstrate their support of the church has been broken up.

I am not going to dwell at length on the many restrictions which Peron has imposed on the Argentine people since his coming to power. These facts are well known in this country and elsewhere. Suffice it to say, that his restrictions affect every group in that country and every phase of life and activity of its people—the political parties, the press, the labor unions, education, and so forth.

Until about a year ago he did not interfere with the church. Evidently, now that Peron has succeeded in suppressing and emasculating all other phases of Argentine life, he wants to subdue the church as well and make it a puppet of his regime. This is truly the way of the dictator. This was the road taken by Hitler and Mussolini. This was the road taken by Stalin in Soviet Russia. In this respect, Peron is following in their footsteps. As such, I have no hesitation in branding him the worst dictator since Hitler, Mussolini, and Stalin.

Mr. Speaker, history has proven on numerous occasions that when a dictator resorts to religious persecution and to attacks on religious faiths, that point generally marks the beginning of his downfall. Those who place loyalty to the state above all else cannot tolerate any rivalry for loyalty in any other sphere. Under these circumstances, Peronism and Catholicism will not mix. When a dictator claims, as Peron did at a May Day rally, that it was proper for his government to shape the souls of its citizens—then he is treading on dangerous ground.

All of this has a familiar ring. We have heard it before in the Communist satellite countries of Eastern Europe where men like Cardinal Mindszenty were thrown into jail and liquidation of the church was undertaken by anti-religious and ruthless regimes. Peron is now imitating those regimes in seeking to wipe out freedom of religion and establish a police state similar to those prevailing in Eastern Europe.

Persons intimately familiar with the situation in Argentina are convinced that it is more than merely a religious problem, that its roots can be traced also to factors in Argentina's political and economic problems. Among the political factors one should not overlook the existence of strong anticlerical and even Communist influences in the country.

Peron is now launching his second 5-year plan. The first nearly ruined the economy of the country by bringing on an inflation which is still persisting. The Peron regime was forced to increase strong police controls in order to stifle popular discontent. When that was not sufficient to distract the attention of the people from the sagging economy, he turned his propaganda machine on the church.

Meanwhile, the Communists in Argentina, who are led by capable and experienced leaders and who form a strong element in the country, are carrying on a patient and determined work of infiltration. They have well-organized cells and are well entrenched within the Peronist labor movement.

Several years ago, a distinguished Argentine writer expressed a most interesting opinion on Peronism which is worth pondering in the light of the present controversy. He wrote:

> Peronismo has no ideology of its own, and thus three roads open up before it: nationalism, communism, or Christianity * * * Lacking sufficient ideological bulwarks, Peronismo is like a social motorcycle: when the fuel of workers' privileges runs out, it must fall over. On the side of which anti-Christian ideology will it fall?

It may be that the current church-state controversy will hasten that fall, but if it does Peron can blame no one but himself for bringing on this feud. As such, this struggle and its possible consequences is of extreme concern to the American people and should not be ignored by us. I am not advocating intervention, but neither should we remain silent. We cannot close our eyes to what is going on in a country of the Western Hemisphere where democratic institutions are being destroyed and where religion is being persecuted.

Mr. Speaker, I understand that the Export-Import Bank in Washington, an agency of the United States Government, is extending to Peron a credit of $60,- million to build a steel mill in Argentina. A short while ago, our Government also initialed an "atoms-for-peace" agreement with Peron whereby the United States would help set up an atomic reactor in Argentina and pay half of the costs.

I believe the Eisenhower administration should be more cautious in extending aid in any shape or form to a country which is carrying on open warfare against one of our great churches and which is seeking to destroy religion and religious freedom. I believe it is time for our Government to speak up and warn the Peron Government that it is going too far and that we will not tolerate these persecutions for moral reasons, as well as for its political consequences. And, finally, I believe that Congress should express its opinion in the form of a resolution condemning the Peron regime for its policy of religious persecution, just as we have done in the past when other governments resorted to religious persecution.

CALL OF THE HOUSE

Mr. MARTIN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 87]

Ashley	Davidson	McConnell
Baumhart	Dawson, Ill.	McDowell
Bentley	Dingell	McVey
Bolton, Oliver P.	Eberharter	Moulder
Brownson	Green, Pa.	Mumma
Buckley	Griffiths	Polk
Burnside	Gubser	Powell
Canfield	Heselton	Prouty
Celler	Holifield	Reed, N. Y.
Chatham	Hope	Rutherford
Cole	James	Teague, Tex.
Cooley	King, Pa.	Thomson, Wyo.
Corbett	Klein	Zelenko
	Knutson	

The SPEAKER. On this rollcall 383 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

INDEPENDENT OFFICES APPROPRIATION BILL, 1956

Mr. THOMAS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5240) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices for the fiscal year ending June 30, 1956, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. THOMAS, YATES, EVINS, BOLAND, CANNON, PHILLIPS, VURSELL, OSTERTAG, and TABER.

PUBLIC WORKS APPROPRIATION BILL, 1956

Mr. RABAUT. 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. 6766) making appropriations for the Atomic Energy Commission, the Tennessee Valley Authority, certain agencies of the Department of the Interior, and civil functions administered by the Department of the Army for the fiscal year ending June 30, 1956, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan.

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. 6766, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read the first paragraph of the bill.

If there are no amendments to this paragraph, the Clerk will read.

Mr. RABAUT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to say to the membership—and there is a splendid membership present at this hour—that this bill contains many controversial items. It will be necessary to have the membership present on the floor today, and it will be necessary that the membership remain on the floor in order that the will of the House may be carried out at the time when we finally turn it back to the Speaker for presentation to our body.

With that in mind, Mr. Chairman, I also wish to announce that it is the intention of the committee to finish this bill today. I desired to make that announcement while the membership is present.

Preparation of the bill was a long and complicated task, since it includes appropriations for critical programs of numerous agencies, including the Corps of Engineers, the Bureau of Reclamation, all of the power agencies of the Department of the Interior, the Atomic Energy Commission, and the Tennessee Valley Authority. To handle this job the 15-man Public Works Subcommittee was divided into 4 panels and hearings by these panels were in process without interruption for approximately 6 weeks, during which time many departmental witnesses and over 1,000 others were heard.

As may be seen from the report, total budget estimates considered were $1,789,-165,000. The bill before you appropriates $1,285,746,242—a reduction of $503,-418,758 below the budget estimates.

The reductions in the water-resources programs of the corps and the Bureau of Reclamation have been made to a large extent for the purpose of compensating for savings which can be expected on the basis of recent contract award experience. The reductions total $35,-332,000, of which only $10,042,000 is the result of denying funds for proposed new starts. The total reduction in the corps' construction program alone is only $33,-112,200 out of a total of $355,375,000. Of this reduction, approximately $23 million is to compensate for expected savings.

The committee has approved the entire program presented by the Atomic Energy Commission in recognition of the vital role which this agency plays in national defense and peacetime developments. The reduction which has been made is compensated in part by transfer of unused funds from the plant account to the operating-expenses item, and by anticipated unused balances which experience indicates can be expected.

With respect to the TVA the committee has diverted $6,500,000 from construction of a transmission line to tie in the Dixon-Yates plant to the construction of another TVA steam plant at Fulton, Tenn. This action has been taken for three reasons primarily: First, additional power production capacity must be available by 1958 to supply the atomic-energy plants or else power to critical industries in the TVA area will have to be curtailed; second, because the Dixon-Yates proposal is in litigation, and there is no assurance that this matter will be settled or that power from this plant will be available in time; and, third, it appears well established that it will be less costly in the long run to obtain the power through the proposed TVA plant than through the Dixon-Yates proposal.

With respect to the Southwestern Power Administration, the committee has restored the continuing fund in order to reactivate contracts with certain generating and transmission cooperatives which were set aside by the previous Congress. These contracts were the security for REA loans to the cooperatives, and without them it appears that these cooperatives will be forced to default on their loan repayments to the Government.

Mr. Chairman, in considering the appropriations for the Atomic Energy Commission, we are considering here the appropriations for possibly the most important agency of the Government as it concerns the security of our present and future generations. We must be ever mindful that our work here is not solely the allocation of moneys for a defense project; we are literally appropriating the future of America, if not the future of the whole world. We have uncorked a tremendous power of nature's physical potential—we must be prepared to supply the component spiritual resources that this great material advance requires. Too often, as our history discloses, our economic and social problems have at their source the lag between man's material and spiritual advances. It is my humble opinion that we no longer can allow ourselves the indulgence of recommitting this error. Therefore, I would also ask my colleagues to reflect in their deliberations upon the need for temperate reasoning in the utilization of this new force that has been unfolded to us.

It might be wise to ask ourselves: Wherein lies the inherent evil of the atom? The answer would reduce itself to the fundamental proposition that material devices, in themselves, are potentially either good or evil and that their ultimate utilization will be the determinant factor that tips the scales one way or the other. Gentlemen, it brings us right back where we started from: Man, the instigator and unraveler of Nature's powers, and man, the utilizer of the powers that he has harnessed. It is too bad that in the same act of drawing back the curtain of Nature's mysteries that we do not draw back the curtains that are occluding man's reasoning. As far as I am concerned it is a matter of perspective which is determined by our ability to choose, which, in turn, is dependent upon our ability to understand the workings of the Supreme Architect of this universe. The bafflement that we experience when we attempt to cope with these powers is indirectly proportionate to the degree in which we have attempted to understand Him. Such problems as to whether public or private power will develop the monster are academic when considered alongside the more fundamental proposition of human survival or human extinction. Consider, I beseech you, the parallel need for His divine guidance in the most important work that is before us. Let us not be confounded by our technical ingenuity to the extent that we plunge headlong into the oblivion of spiritual barrenness.

Mr. TABER. Mr. Chairman, I rise in opposition to the pro forma amendment.

I concur in what the gentleman from Michigan [Mr. RABAUT] has just said with reference to the necessity of the membership being on the floor and available at all times during the day.

Whether we can finish tonight depends upon whether we get through in reasonable season. But I feel I must say to the Clerk that as they read the bill today they must read it all in detail so that the membership may know just where we are.

The pro forma amendment was withdrawn.

The Clerk read as follows:

TENNESSEE VALLEY AUTHORITY

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U. S. C., ch. 12A), including hire, maintenance, and operation of aircraft, and purchase (not to exceed 211, for replacement only) and hire of passenger motor vehicles, $26,214,000, to remain available until expended, and to be available for the payment of obligations chargeable against prior appropriations, and of which $6,500,000 shall be for commencement of construction of a powerplant to be located near Fulton, Tenn.: *Provided*, That no funds appropriated for the Tennessee Valley Authority by this paragraph shall be used for the maintenance or operation of any aircraft for passenger service that is not specifically confined to the active operation of the official business of the Tennessee Valley Authority, and not to exceed $673,000 (exclusive of travel for work in connection with the construction of transmission lines, dams, and steam plants) of funds available to the Tennessee Valley Authority shall be used for expenses of travel: *Provided further*, That no part of funds available for expenditure by this agency shall be used, directly or indirectly, to acquire a building for use as an administrative office of the Tennessee Valley Authority unless and until the Director of the Bureau of the Budget, following a study of the advisability of the proposed acquisition, shall advise the Committees on Appropriations of the Senate and the House of Representatives and the Tennessee Valley Authority that the acquisition has his approval: *Provided further*, That there shall be available for resource development activities pursuant to the Tennessee Valley Authority Act of 1933, as amended, not to exceed $600,000 from proceeds of operations of the Tennessee Valley Authority.

Mr. PHILLIPS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PHILLIPS: Page 5, line 17, after the word "appropriation", strike out the remainder of the proviso.

Mr. PHILLIPS. Mr. Chairman, if the Members will turn to page 5 of the bill that is being read, at line 17 they will see the line presently reading as follows, beginning at the start of the line: "against prior appropriations." At that point my amendment begins to strike and continues to the end of the proviso. Thus, I strike the following words from my amendment: "and of which $6,500,000 shall be for commencement of construction of a powerplant to be located near Fulton, Tenn." That much and that much only is stricken by this amendment.

Mr. Chairman, my amendment does not reach to the amount of money in the bill. The amount of money in the bill was not changed in the committee before bringing it to the floor and is not changed by this amendment. It strikes only the obligation, the instruction to build a steam plant for the Tennessee Valley Authority located at or near Fulton, Tenn.

Mr. Chairman, I agree completely with my distinguished friend on the majority side who said the bill before us today is an important bill and the action we take is an important action. It will be an action of far-reaching consequences to the Government of the United States.

The construction of a steam plant at Fulton would, for the first time, carry the Tennessee Valley Authority by the construction of steam-power generating facilities outside the area designated in the act which created the Tennessee Valley Authority. It would create a duplicating plant, a duplication of the power which already is contracted for in the plant that is presently being built at or near Memphis.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS. I yield to the gentleman from Michigan.

Mr. RABAUT. How about the location of the Shawnee and the Gallatin plants; are they in the area or outside the area?

Mr. PHILLIPS. Did the gentleman refer to the Shawnee plant?

Mr. RABAUT. To the Shawnee and Gallatin plants. They are outside the area.

Mr. PHILLIPS. It is questionable as to whether they are in or outside of the area. There is no question regarding the location of the Fulton plant. It is 100 miles outside of the area of the Tennessee Valley Authority. I think the simple answer to the gentleman is that if the gentleman were right, that would not in itself justify making a third and a much more serious mistake.

We have paid into the budget of the Tennessee Valley Authority year after year an amount of money which presently aggregates more than $1,800,000,000. Of this amount, approximately $1,400,000,000 has been spent for the construction of power facilities. Of this, a small amount has been paid back.

Much has been made of the fact that this power is needed to firm up the hydroelectric power, the use of which was understood and conceived in the original act. There might have been an argument had we limited the firming up facilities to a small percentage of the power needed in that area. When the presently authorized and financed units are constructed 70 percent of the power will be created by steam plants. We are away beyond any reasonable consideration of the firming up of power. Of the power that is created in the Tennessee Valley Authority area, 700,000 kilowatts are used annually for a use which is perfectly legitimate but which is not procurable in any other State of the United States under similar costs and circumstances; 700,000 kilowatts for heating houses; 130,000 private homes in the area are benefited.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. PHILLIPS. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PHILLIPS. One million kilowatts are used annually for industrial use, not for the small-home owner, not for the little individual or community of whom we are constantly talking, but for industrial use.

This, then, with little further need of argument, is the issue before us today: Will the TVA, well run, well built, but relieved of the same obligations of other utilities, be financed by a subsidy from the Federal Government? As demonstrated to you today, a payment will be made this year, this coming fiscal year, of approximately $40 million upon the money advanced in the past, and with the other hand there will be taken out or requested at the beginning an expenditure of $100 million, of which this $6.5 million is only the first payment. This happens each year. Therefore, the question before us is just as simple as that. Will we confine the Tennessee Valley Authority, a subsidized agency, to the area which it was created to serve, or will we for the first time grant permission to go this far outside the area for the purpose of furnishing power to communities and industries which have neither Federal nor local connections. The city of Memphis would be the principal beneficiary.

I think, Mr. Chairman, a great deal of argument upon this subject is unnecessary. This has been thoroughly discussed. I think practically everyone in this room today knows how he or she will vote. This, I repeat, is an issue of the utmost importance, as to where the Federal Government is going on the issue of subsidized power. I think this is the issue upon which we today stand up and are counted.

Mr. COOPER. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, permit me to say in reply to the main point made by the gentleman from California that the Fulton site is definitely in the TVA area. It is in the area which I have the honor to represent. I have lived there all my life. I believe I know as much about that area as the gentleman from California. And it is in the very area that is served by TVA now. The TVA now has a contract with the city of Memphis, and all of the area embraced in the Congressional District which I have the honor to represent, which is adjacent to the Memphis district, is served by TVA. We simply need additional capacity in that area to provide for the added requirements of the people of that area.

By approving the action of the Appropriations Committee we can eliminate the unwise and indefensible Dixon-Yates deal, and continue a wise and sound program for the Tennessee Valley Authority. The fortress from which the invasion of TVA was expected to be launched will never serve that purpose. We can adopt the slogan "Let Dixon-Yates capacity be built to serve Dixon-Yates consumers." Let the companies construct this plant in Arkansas and many others so that their consumers can

enjoy the benefits of an abundant supply of power. We wish them well. But let them understand that this Congress has determined that Dixon-Yates and all their kind will not be aided by our action to dismember and destroy the great public power system of which TVA is the vital core. Let us tell the Atomic Energy Commission that their intervention in the management of TVA will not be required in the future. Let us return to sanity in considering the affairs of TVA.

As we direct the TVA to ignore the structure planned to rise across the river from Memphis, to waste no money on transmission lines, and to begin instead construction of a plant in TVA's own power service area, we are returning to the honored practice of relying upon sound engineering judgments to select locations for the addition of generating capacity to serve the customers of TVA. We are through with political adventuring in technical fields. We can proceed with confidence that the efficiency and economy of the TVA power system will be preserved. Once more we can take pride that we have made it possible for the President of the United States to make good on a campaign promise.

Construction of a plant at Fulton, Tenn., can proceed the moment this appropriation bill is signed. Trained forces are ready to begin, the same forces that have completed the construction of 20 dams and 8 steam plants with a total cost under the total of the estimates presented to the Congress when appropriations were requested. A trained operating force will be ready to take over when the structure is completed. People who care about meeting estimates and schedules will be in charge. The management of TVA, which has a record for efficiency unrivaled, will start this public job with public funds. Performance is guaranteed. We need not worry about another Ebasco fiasco. Sound planning and good management will combine to give the taxpayers of the United States and the rate payers of the region an honest deal. There will be no more subterfuge, no more waste, no chance of fraud or corruption.

We are directing TVA to start this plant with appropriated funds. It is up to the Congress to decide whether next year, and the year after, private financing should be relied upon to complete the project started by our action today. The management of TVA is willing to turn to revenue bonds for the balance of the capital required. Legislation is pending before another committee of this House. The choice is up to Congress. The TVA power system is owned by the Federal Government. It is operated for the purposes and under the policies laid down by law. Congress can continue to provide the capital required to meet expanding power needs by the direct appropriation of funds knowing that the earnings of the system will provide a net return above its costs of operation, knowing that returns in cash come to the Treasury every year, and that the indirect returns are beyond our calculations. We can do that or we can authorize the TVA to turn to private financing for capital for its new plants. Those are the alternatives before us.

The responsibility for decision must be accepted. It cannot be evaded. Never again must we permit a shameful subterfuge like Dixon-Yates to be undertaken.

Mr. TABER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is a very important vote. TVA today is not what you would call a pilot plant or a plant which sets a standard for other electric producing outfits as to what they would have to charge, because their rate today is not sufficient to produce, out of power revenues, sufficient money to meet the depreciation which they figure amounts to $22,939,503 and the interest at 3 percent on the $1,415,000,000 that has been invested in their powerplants by the TVA. This does not take into account any flood control or navigation allotments, although those are subject to question. They lose $14,309,000 after deducting from their earnings the depreciation and the interest at 3 percent. How any public power setup can dare to operate that way is beyond me.

On top of that, this House last year voted to authorize and put into the law the authority for the Atomic Energy Commission to enter into a contract with a private power company to supply power for the Atomic Energy Commission. Their contract called for 3.55 mills. The cost in the Ohio Valley power outfit was 3.79 but now has been reduced to 3.64. The Electric Energy outfit over on the west side of the Mississippi was contracted for at 3.86 mills. The TVA charges at Oak Ridge 3.78 and at Paducah 3.83, indicating that there is a lower price charged by the private power outfit than the TVA charges for the same thing.

Why should we continue to provide steam plants for the TVA when we do not get enough out of the power revenue to support the interest and the depreciation, which everybody believes should be taken care of? Frankly, I think it is time that we stop. It is time also that when a contract is entered into pursuant to law we respect it. I hope that when the House comes to exercise its will here today it will vote in favor of the Phillips amendment to strike out the language you have heard read. That is absolutely necessary if we are going to have an honest treatment of the United States taxpayer in connection with this public power business. I think it is time we begin to realize what we have been doing and to analyze the situation and keep it in hand. I hope that will result.

Mr. WHITTEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the provision in this bill which the gentleman from California would cut out does not add a single dollar to this bill. The committee has taken $6.5 million which was recommended by the Budget Bureau for expenditure to bring current back across the Mississippi River from where the Dixon-Yates combine of electric companies would generate it to the side of the river where they would attempt to make TVA use it. The committee has taken that same $6.5 million and under the terms of the bill would provide that it be used to start a plant at Fulton, Tenn., where the TVA will need the power.

The Tennessee Valley Authority does not plan for the Congress to appropriated another dollar to complete that plant but has recommended and requested that it be permitted to issue bonds to complete the plant. Let me say again, the money here is money that the budget would spend to bring the power back from the wrong side of the river where the Bureau of the Budget would have it produced to the right side so far as any use is concerned. Let the TVA start the plant itself where the power is needed. It would be completed by issuing TVA revenue bonds according to the request now pending before the Congress at a place where the TVA needs the power to meet the requirements of its present customers. Now let us keep this straight. When the TVA act was passed, and whether you would have supported it or not—it was passed, and it is the law, such act provided that for that region the TVA was the supplier, a virtual monopoly as virtually all electric power companies are.

It is the power source for all the people of that area who must look to it to meet their needs. Like every other section of the country, there is a growing need for power in that area. The question involved here is whether the TVA will be permitted to serve the geographical area that it has been serving for many years. The point made that in authorizing the Fulton plant you are going outside the Tennessee Valley area is not true. The act itself provides that power may be distributed within transmission distance of any TVA hydroplant. The Fulton site is definitely within the range of the hydroplant. It is in the area now served by the TVA and which the TVA has served for many years. The difference between requiring the TVA to get the power somewhere else and move it there is that you can lose up to 25 percent of your electricity by moving it from the place where the TVA might have to generate it to the western part of its present territory where it is used. The Fulton site is in the geographical area of the TVA where the people must look to the TVA to meet their needs. Let me say again the pending bill will let TVA start ahead now to meet growing power needs, which all can see. Remember it takes about 2 years from the time you start construction until the electricity is available. The TVA is the source of power in that area. Personally, I live in a private utility area in Mississippi, however, about half my district is serviced by the TVA. My home county is in the private utility area of Mississippi. But, may I say the TVA has done a marvelous job not only by setting an example which the people in my area, in the private utility area, mind you, has benefited from—not only that, but about 50 percent of the total production of the TVA goes to the National Government for national defense.

Let me remind you, and I do not complain, the people in the TVA area with about a $500,000 investment have to look to the TVA for their power. But the act itself provides that the needs of the Federal Government must be met first.

Today that means almost 50 percent of TVA's total production goes to national defense. I do not complain of that fact. When we had this dangerous situation in World War II, it was this source of power of the TVA which saved us at that time. Not only that, but if the Nation had had to buy this huge amount of power to meet our national defense needs, I tell you, if you had not had a TVA, the power cost to the American people across the board throughout the entire United States would have far exceeded our total investment in the TVA. I think we need the TVA to be run on a sound basis, and that is what the language in the bill provides for it would authorize economical production of power where the power is needed. I believe such provision is sound for the United States. Did you know that contrary to what the private utilities say, the TVA has been of great benefit to the private utilities which surround it? Did you know the closer the private utility is to the TVA, the greater has been the increase in its power sales, the greater the reduction in rates charged, and the greater have been the profits of these companies? Did you know that the Mississippi Power & Light Co., right under the gun of the TVA, so to speak, has increased its earnings about twice as much as most other utilities removed from the TVA geographical area?

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WHITTEN. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTEN. But the value of this TVA yardstick, and that is what is complained about, the value of this yardstick depends upon letting the TVA run an economical operation. If the TVA is forced to buy power in Arkansas and spend money bringing it back across the river at high rates, and the Bureau of the Budget said it would cost you much, much more money each year if you do that, and then force such higher cost power into the TVA distribution system, you raise the rates to the customers of the TVA in that area. But what you really do is weaken the yardstick so that in all too short a time all the people all over the United States will have to pay a higher cost for their electric current.

Now, they talk about taxes. The TVA does pay local taxes, possibly $10 million, but in addition to that the law requires a return in cash dividends, dollars, to the Treasury over a 40-year period, of every dollar that you put into the TVA power operations. Yet, the TVA belongs to the Government now and will belong to the Federal Government when we have all the original investment returned.

The TVA has paid you, the people of the United States, many times the cost of its whole operation, because it was there to provide this 50 percent of power for the atomic-energy operation and to carry on the manufacture of aluminum to meet the national-defense needs. The Nation regains in dollars its investment, but the TVA saved you in the time of real crisis during World War II.

I say again, involved here is the question of whether the Government, the owner of the TVA, will let such agency manufacture power at the point where it needs it to meet the demands of its present customers, in the geographical area that it has served all along. In this bill there is no expansion of the territory that the TVA would serve. You let the utility of this section, TVA, meet its growing needs as other utilities meet such need in the area they serve. Not only that, but if you follow the committee you do not add a dime to the budget in this bill. You take $6½ million which the budget would spend crossing the Mississippi River from the wrong side to the side where the Government directs the use of the power, and you use such sums to let the TVA start a plant in its own geographical area; in the territory it serves today. You do not add anything to the indebtedness of the country, because the TVA has asked that it be permitted to issue bonds to complete this plant.

I say we have an obligation to the American people, the outside area, to carry on this yardstick. As long as the Government owns the TVA, we owe it to ourselves, in view of the power needs in time of defense, to permit the TVA to enlarge its capacity to meet foreseeable needs. Here in the bill we would spend this money in a wise way, keeping the TVA a sound operation for its yardstick value all across the country. In the average State, when they set power utility rates, involved is the question of what it really costs to generate the power, what it costs to transport the power, and what it costs for management. With the TVA properly operated, all sections can use the facts developed there to show what utilities ought to be able to do. It helps to hold down rates in every section of the United States. If you remove that yardstick, or weaken its value by forcing into it extra costs such as the Dixon-Yates deal, the taxpayers, who are consumers, in every area in the country, will pay many times the cost, because the yardstick will not be as valuable as it is today.

If you do not approve the committee action but approve Dixon-Yates as a means of meeting power needs in that area, what do you do? You deal with a firm which this administration directed to have a contract to provide power on the wrong side of the Mississippi, for the Atomic Energy Commission, which does not need such power, for delivery to the TVA, which does not want such power, for use by the present customers of TVA at much higher charges.

This group was granted such contract without competitive bid and certainly are ultrafavorites of the administration to say the least. Dixon-Yates and the private utilities they represent would receive a contract which virtually provides for them a huge generating plant, with practically no risk, when even other private utility companies had no chance to bid for—and according to the President's own Bureau of the Budget, you, the American people, pay out additional costs of $3,700,000 each year above what the Government through the TVA could provide the same power for. The answer is simple. The amendment of the gentleman from California should be defeated.

Mr. DONDERO. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, 3 years ago I paid a visit to the TVA. I stated them publicly, and it was published in the press, that I thought a good job had been done in developing hydroelectric power in that area. I repeat that statement here today. I am not opposed to the development of hydroelectric power by the Federal Government, provided private enterprise cannot do the job.

The controversy now appears to be this: Here we start out to pay for hydroelectric power development. As the demand for power increases in the valley, more and more steam plants were demanded to be paid for by the Federal Government. When the steam plants, which have already been authorized, are completed, the amount of electric current in the Tennessee Valley will be about 70 percent steam production and 30 percent hydroelectric power.

The controversy today is that another steam plant is demanded to be paid for by the Federal Government. No one has any quarrel with the fact that the power in the Tennessee Valley is cheaper than the rest of the people of the United States have to pay, but where our quarrel begins is this constant demand annually for $100 million or more of the taxpayers' money to furnish further electric power in the Tennessee Valley Authority just because the power demand has increased. The TVA pays no taxes nor interest.

Two years ago at the same time I made that statement—and later I put it in the RECORD—I offered two suggestions or amendments to the TVA act, how TVA could solve its own power problems without coming to the Federal Treasury for the money and asking your constituents and mine to pay the bill. The two suggestions were these: Everybody knows, it is no secret, that the people who buy power from the TVA are captive under the contract which they are compelled to sign. One suggestion was that TVA permit the cities in the TVA area to build their own steam plants if they were short of power and thereby relieve the pressure on TVA for the development of more power. This would be steam power.

Mr. EVINS. Mr. Chairman, will the gentleman yield at that point?

Mr. DONDERO. Not at this time.

The other suggestion was that if they did not desire to build steam plants to meet the demand of the cities or communities, they permit the cities and the communities to buy extra power from private enterprise.

TVA has never seen fit to do either. Those who buy power from TVA know that the TVA is the sole supplier to them and there is no relief for them in sight from any other source whatever. True, they get a lower rate; everybody admits that, because they are not required to pay the charges levied against private enterprise.

Now, that solution is open to TVA, but no, they are not willing to do it, and just

as long as they can come to the Federal Treasury and make the people of the United States pay for additional power they will not do it. Let me ask this in all good faith: Why does not TVA raise their rate sufficiently to provide their own expansion of its power and not come here for the money every year to build them?

Mr. RABAUT. Mr. Chairman, will the gentleman yield for an answer to his question?

Mr. DONDERO. I do not yield at this time.

Mr. RABAUT. The gentleman asked a question.

Mr. DONDERO. I do not yield.

Mr. Chairman, the claim has been made that the TVA pays in lieu of taxes and that they pay interest to the Federal Government. May I say to you that in the report, I think, of 1953, TVA paid about $4,250,000 in lieu of taxes on an investment of something like $1½ billion. The Southern Bell Telephone Co. with almost the same investment in the same area paid a little over $70 million, or 17 times as much.

How can anybody say that anything is paid in lieu of taxes by TVA when such a ridiculous small amount as that is paid.

What do they pay to the Federal Government? I put in the RECORD back on the 23d of March this year, some figures showing how much TVA has paid to the Federal Government in lieu of interest, and it is rather interesting to notice what those figures are.

In 1949 they paid 1 percent on the amount of money provided by the American taxpayers.

In 1950 they paid eight-tenths of 1 percent.

In 1951 they paid nine-tenths of 1 percent.

In 1954 they paid $15 million or 1.4 percent on the money.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(By unanimous consent Mr. DONDERO was allowed to proceed for 2 additional minutes.)

Mr. DONDERO. A great hullabaloo has been raised all over this country about the Dixon-Yates contract. I have been waiting to hear somebody tell me just what is wrong about it outside of the fact that it is private enterprise.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. No.

Mr. ABERNETHY. If the gentleman will yield to me he will not have to wait longer for an answer.

Mr. DONDERO. Mr. Chairman, I refuse to yield.

The only thing I have ever heard against it was that it was private enterprise, and, therefore, it was bad. That is the philosophy of too many people in this country who believe in public power. Norman Thomas, the top Socialist in the United States, stated: "Public power is socialistic and it is silly to deny it."

The Knoxville Journal had something to say on this subject, and it might be of some interest to the House to know just what they did say. I quote it from page 3588 of the CONGRESSIONAL RECORD of March 23, 1955.

Mr. EVINS. Mr. Chairman, will the gentleman yield about the Knoxville Journal?

Mr. DONDERO. Mr. Chairman, I decline to yield. Here is a statement by no less an authority than the Knoxville Journal. By the way, that is the headquarters of the TVA, that is where it is located. That newspaper commented recently that the politicians and the political organization known as Citizens for TVA, Inc., may, in fact, be hastening the end of the power project which they are ostensibly trying to preserve.

Here is what the paper said:

This may well come about through familiarizing the people all over the Nation with the financial details of TVA's operations and the favored spot occupied by all its power users.

Then it goes on to say:

The bad part of it is that other United States citizens now know, as a result of all the speeches and newspaper interviews, that these rates do not stem from any mystic TVA formula but straight from the Federal Treasury.

That comes from a paper that is trying to tell the truth about the situation.

It appears that the patience of the American taxpayers has become exhausted in supplying tax-free, interest-free funds for the special benefit of a select area of the country.

It follows then that TVA's wholesale customers, if denied access to additional power supplies from the Federal Government through its agent, the TVA, must seek additional sources elsewhere.

This dilemma could be physically resolved in one of several ways: (1) TVA could purchase its additional requirements under long-term contracts from the large private utility corporations located on its periphery, as proposed by spokesmen for these companies in hearings before the House and Senate; (2) the TVA could cancel or reduce to the minimum its contracts with nonpreferred wholesale customers, i. e. industrial corporations such as Monsanto Chemicals, Reynolds Metals, Aluminum Co. of America; (3) the municipalities and rural electrification cooperatives could, jointly or severally, purchase large blocks of power from adjacent private corporations, such power to be transmitted on wheeling contracts over the lines of the Tennessee Valley Authority or by direct delivery; (4) these municipal and cooperative TVA customers could supplement from TVA power by the construction jointly or severally, of their own steam electric generating plants.

These alternatives require separate and careful examination. Such an inquiry should be predicated upon the legislative and administrative history which has led to the present impasse.

It is important to recognize that any of these four choices has at all times been available to TVA or its customers at the sole decision and direction of the board of the authority but not of the wholesale consumer:

1. So long as the authority was able to obtain from Congress ample funds to meet its power generating capacity by direct appropriations from the Federal Treasury, it has never proposed purchase from outside sources. The reasons for this policy were obvious. The board preferred the absolute control and ownership of its sources of production rather than the purchase of power from any outside source. Moreover, inasmuch as the heavy charges for cost of capital and the cost of Government through interest and taxes must be reflected in the cost of power purchased by TVA from a capitalistic taxpaying private source, TVA could show an ostensible lower cost of production than that of the purchased product.

2. Cancellation or reduction of contracts to nonpreferred industrial wholesale customers would, of course, place an industrial blight upon the area far from the intention of the TVA or the Congress. While this alternative is unthinkable, TVA can and must obtain its future power commitments for industrial load within the limits of its prior commitments and predictable power capacities.

3. By action of the board, the remedies suggested in (3) and (4) above, are not presently available in the authority's municipal and cooperative wholesale customers because of the so-called sole supplier clause in its wholesale contracts to municipalities and cooperatives. This clause prohibits this class of purchaser from obtaining additional power from any other source either by purchase or construction of its own plants. The TVA is further authorized to dictate resale rate schedules at which its wholesale power is retailed by such customers.

Authority for these clauses is contained in an amendment to section 10 of the TVA act adopted in the summer of 1935 in the following language: *"Provided further*, That the Board is authorized to include in any contract for the sale of power such terms and conditions, including resale rate schedules, and to provide for such rules and regulations as in its judgment may be necessary or desirable for carrying out the purposes of this act, and in case the purchaser shall fail to comply with any such terms and conditions, or violate any such rules and regulations, said contract may provide that it shall be voidable at the election of the Board."

As a result of these contracts, the TVA municipal customers have come to be known as TVA's captive cities, subservient to the policies of its Board, and with a vested interest in the promotion of appropriations for TVA electrical facilities.

These people maintain a continuous refrain in repetitious insistence that the Federal Government has morally obligated itself in perpetuity to supply the electric power needs of this region at the expense of the Federal Treasury without return of interest or payment of Federal taxes.

A short-sighted view of local interest would indicate the obvious motive to obtain a free ride from the Federal taxpayer as the never-failing source of cheap electric power.

However, the history of the Tennessee Valley's legislative struggle to obtain power supplies adequate to meet growing needs reveals the inherent danger of such dependence. During the war years the Tennessee Valley was repeatedly a brown-out area due to inadequate power resources, on the one hand, and, on the other, too optimistic assumptions as to power capacity to meet heavily increased commitments for industrial loads.

The above remarks are an exact quotation from a speech made by myself in this House July 30, 1953, in which I predicted the present dilemma that would eventually afflict the area served by TVA. I repeat them now as even more applicable and more pertinent than they were on the day they were originally made.

Mr. NATCHER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California [Mr. PHILLIPS]. Adoption of this amendment is another step along the road to destruction for the Tennessee Valley Authority.

The appropriation for TVA in the bill before you is 77 percent below the appropriation for fiscal year 1955, which, in turn, was 25 percent below the appropriation for fiscal year 1954. This bill

contains the smallest amount apropriated for TVA in 20 years.

The basic TVA Act of 1933 was designed to promote the national defense and to further the proper use, conservation, and development of the national resources of the Tennessee Valley area, and related adjoining territory; to further the agricultural and industrial development and to promote the economic and social well-being of the people of this region. The Tennessee Valley Authority has accomplished this purpose.

TVA is ahead of schedule with its payments to the Federal Government and it has yielded an average return to the Federal Treasury of 4 percent on its investment. As provided for under the TVA act, payments are made in lieu of taxes to the States and counties in which TVA operates.

Power requirements of the Tennessee Valley region now served by TVA have been growing at the rate of about 12 percent per year, which is exclusive of power furnished for the atomic-energy program of the Federal Government. It is admitted that TVA faces a shortage of power, and to meet this situation it is imperative that the Fulton steam plant on the Mississippi River be constructed.

Direct sales by the Tennessee Valley Authority to national defense agencies of the Federal Government will require half of the total output of TVA power by 1957. This situation is critical, and we must face the facts. Acceptance of the proposed amendment simply means that we ratify the philosophy of the Dixon-Yates matter. The Dixon-Yates contract is a matter of national concern, and success of this plan ultimately means not only the destruction of TVA, but the same situation will apply to Hells Canyon, Trinity River, and the Niagara Falls redevelopment.

The Atomic Energy Commission is playing a major role in our present day life. This Commission was established to build nuclear weapons, to promote peacetime utilization of atomic energy, and to conduct research in the field of atomic energy. The AEC has three great plants located at Oak Ridge, Tenn., Paducah, Ky., and Portsmouth, Ohio. The total amount of power to be consumed by these plants will amount to some 50 billion kilowatt-hours annually. It is simply outrageous for anyone to force the Atomic Energy Commission into such a nefarious affair as the Dixon-Yates deal. The people of the United States are aroused over the secretive manner in which the Dixon-Yates contract was negotiated and strongly object to the procedure used in ordering execution of this contract over the objection of the TVA and the Atomic Energy Commission.

Should we destroy property owned by the Federal Government in which we have invested the total sum of $1,629,688,540 furnishing electricity in an area of 80,000 square miles to some 5 million people? Today the TVA sells over 7 billion kilowatt-hours to municipal distributors, and the TVA hydro and steam plants are producing some 30 billion kilowatt-hours a year.

The rural-electrification program is a success in our section of the United States, and this is due partly to the Tennessee Valley Authority. Every county of my district is served by REA. It is admitted that REA is one of the great achievements of our present day Government, and it is further admitted that the Tennessee Valley Authority is the Nation's most efficient power producer.

The United States is strong in time of peace and in time of war. The Tennessee Valley Authority has played its part in World War II and occupies an important position in our peacetime economy. It is a recognized fact that TVA has brought about the sale of well over $1 billion worth of equipment and materials manufactured throughout the United States. When the basic TVA Act of 1933 was passed less than 9 percent of our farms were electrified, and today 91 percent of our farms are using electricity for a multitude of chores, as well as for light and entertainment. The benefits made possible by the Tennessee Valley Authority are now received by 7 States. It is true that this section of the United States has benefited as the direct result of the establishment of the Tennessee Valley Authority, but should we as American citizens destroy our own property due to the fact that one section of our country is receiving benefits therefrom. Should we sectionalize the United States to such an extent that one section opposes and fights another? The United States of America is strong due to the fact that the sections of our country are so welded together as to work in close harmony with each other. Should we, as American citizens, destroy our national parks which are owned by the Federal Government due to the fact that the immediate sections receive great benefits therefrom? Should we destroy the Mississippi River due to the fact that we have expended billions of dollars on this navigable stream and its many tributaries which ultimately has resulted in great benefits for a number of our States? Our ports and harbors have been of great benefit to certain sections of our country, and we have expended a great amount of money on these projects. Would it be wise to destroy our investment and say to those sections of the United States that the benefits received therefrom should be equally expended throughout the 48 States, and that no amount of Federal money should be expended in any section of the United States where the benefits are not equally received by the balance of the States?

Mr. Chairman, 51 REA cooperatives are dependent upon TVA, and failure to construct the new steam plant at Fulton, Tenn., which will provide for future needs of TVA will be disastrous insofar as our REA cooperatives are concerned. As a member of the Committee on Appropriations I sincerely believe that the action of this great committee is correct and I desire at this time to commend the Public Works Subcommittee for its action in this instance. I urgently request that the amendment be defeated, thereby expressing to the world our distrust of the philosophy behind the Dixon-Yates deal.

Mr. MASON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to notify this committee that in view of the statements made by the leaders on both sides that this bill is to be completed today, I shall object to all extensions of time regardless of which side of the aisle they come from or whether they come from pros or cons on this measure.

Mr. DAVIS of Tennessee. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had hoped that I would not be the beneficiary of my distinguished friend's suggestion, because insofar as the city of Memphis has been mentioned so often and in view of the fact that I seek to impose myself so seldom on this House, I did so much want an additional 5 minutes, because I think, may I say to the gentleman from Illinois [Mr. MASON], that I have something fresh and something new in this whole situation. I, too, have listened over the years to a lot of conversation and a lot of speeches on this floor, but I should like to tell you where the bug is to be found in the rug. Now listen to me just a moment.

Some years ago I heard a definition of a Government economist. That definition said that a Government economist is a man who knows all of the answers to all of the financial questions, who has a Phi Beta Kappa key on one end of his watch chain and no watch on the other.

Now, then, what is the situation? The city of Memphis is a great consumer of power. We are now using 335,000 kilowatt-hours of electricity daily. The Dixon-Yates crowd would reestablish the geographical area of TVA, taking it away from Fulton, north of my city and crossing the Mississippi River over into another State. Then they would require the Government by proper procedure to spend $6½ million to build a transmission line to the middle of the river. Then, of course, TVA would have to spend an additional amount of money to connect with it.

Mr. Chairman, I say to you that in their zeal and in their eagerness to get this market of power in the city of Memphis they are coming here in devious ways; but I tell you now that if the will of this Congress is worked to the point where the Dixon-Yates proposal, as bad as it is, is supported, they will have a line to the middle of the river, but they will not have a customer on the other side, because the city of Memphis is not going to buy the power. It will be like the economist's watch chain with a Phi Beta Kappa key on one end and no watch on the other.

If the gentleman from Illinois [Mr. MASON] would only permit, I should like to read a few excerpts from a letter addressed to Chairman Vogel by the mayor of the city of Memphis. Would the gentleman withhold his objection to an extension of time for that purpose?

Mr. MASON. Mr. Chairman, I am sorry; I must be consistent and stand by my notice.

Mr. DAVIS of Tennessee. That is all right. From now on I shall impose myself more often on my colleagues and try less to be so fair in the consumption of time on the floor of this House.

I can say now in conclusion only this, that the city of Memphis is puzzled about

this partnership argument. The city of Memphis has not been consulted in the slightest degree about this proposal to build this private plant over in Arkansas to supplement the amount of electricity generated. The city of Memphis, by a vote of 16 to 1, in an election, decided to buy out the private power distribution and generating system in that city and we decided to enter into a contract with TVA. That contract was a sacred one. We expect that TVA under the substantive law and under the law as originally passed to provide that power to us. Only to TVA can we come. But we are not going to be a party to any private power interests going across the Mississippi River outside of the geographical area and then, in years to come, charging us the high rate to which all users of Arkansas power are subjected.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. DAVIS] has expired.

Mr. RABAUT. Mr. Chairman, I rise to ask if we cannot agree on a limitation of time with respect to this amendment.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 1 hour. I note there are 20 Members on their feet.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. HALLECK. Mr. Chairman, I object.

Mr. CANNON. Mr. Chairman, I want to propose an additional suggestion that the motion to strike out the enacting clause be not entertained.

Mr. HOFFMAN of Michigan. I object to that, Mr. Chairman. It is not a proper request.

The CHAIRMAN. The Chair cannot be bound by that.

Mr. RABAUT. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close at 1 o'clock, and that the committee may close the debate.

Mr. HOFFMAN of Michigan. Reserving the right to object, Mr. Chairman, why cannot the gentleman let the debate run along a little while?

Mr. RABAUT. That is an hour and a half that we want to let it run.

Mr. HOFFMAN of Michigan. Some of us have not had any chance to say anything on this matter. You may make haste slowly. Nobody over here, so far as I know, wants to delay the debate unduly. We just want to be heard on the matter.

Mr. RABAUT. It is an hour and a half I am asking for.

Mr. HOFFMAN of Michigan. What of it? That does not give all of us 5 minutes. The committee used I do not know how many hours.

Mr. RABAUT. Does the gentleman want the time extended to 1:30?

Mr. HOFFMAN of Michigan. I withdraw my reservation of objection, Mr. Chairman.

Mr. HALLECK. Reserving the right to object, Mr. Chairman, I have not spoken on this measure yet, and it is a matter of great importance to me and the people of my State. We have already had notice served on us that our time would be limited to 5 minutes each. I am not averse to getting along with the consideration of the bill, in fact, I want to expedite it as much as anyone does, but it seems to me just a little premature to develop a situation at this moment that would shut us all off, including members of the committee who have not spoken on this amendment. I trust the gentleman from Michigan will withdraw his request at the moment and renew it later.

Mr. RABAUT. Mr. Chairman, I will modify my request, and ask unanimous consent that all debate on the pending amendment and all amendments thereto close not later than 1:30 o'clock.

Mr. HALLECK. Reserving the right to object, Mr. Chairman, can the gentleman give us any idea as to how much time that would mean for each Member standing?

The CHAIRMAN. The Chair is advised that there are 42 Members of the House standing.

Mr. HOFFMAN of Michigan. I object, Mr. Chairman.

Mr. RABAUT. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto close not later than 1:30.

The CHAIRMAN. The question is on the motion.

The question was taken; and on a division (demanded by Mr. MARTIN) there were—ayes 136, noes 83.

So the motion was agreed to.

The CHAIRMAN. Is there any Member whose name was called who is not seeking recognition?

Mr. BASS of Tennessee. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BASS of Tennessee. Are those Members who have already spoken on the amendment eligible for recognition?

The CHAIRMAN. In opposition to a pro forma amendment, that would be permitted.

Mr. RABAUT. Mr. Chairman, I take this time to make a statement relative to the debate on this amendment.

Mr. HOFFMAN of Michigan. Mr. Chairman, I object. I demand the regular order.

The CHAIRMAN. The name of the gentleman from Michigan [Mr. RABAUT] is on the list, and the Chair has recognized the gentleman.

Mr. RABAUT. I want to announce that I shall object to anybody transferring their time.

Mr. LONG. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion.

The motion was rejected.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer a preferential motion.

The CHAIRMAN. The Clerk will report the 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.

The CHAIRMAN. The gentleman is recognized for 5 minutes in support of his motion.

Mr. HOFFMAN of Michigan. Mr. Chairman, inasmuch as my good friend from Michigan [Mr. RABAUT] has limited the time by his motion to end debate, I might suggest that perhaps he will not get this bill through as quickly as if he had let us go along in the usual manner. I am fully aware of the desire of some to, on Thursday, adjourn over until Monday—put in an appearance on Tuesday. At one time that procedure was attributed to the "Thursday to Tuesday Club." I have no particular objection to an adjournment over, for usually we all have work either on committee or in our offices which fully occupies our time—the time of most of us not only during Friday and Monday, but during all of Saturday.

My objection is to cutting off debate when 42 Members of the House were on their feet, when, under the gentleman's motion, each of the 42 will have but 2 minutes each—if the gentleman insists upon his objection to any unanimous request made by one Member to yield his 2 minutes to another. That seems to be gag procedure. Perhaps it is time to protest in the only effective way that is left to me.

Back of all the talk and all the debate on this amendment as to whether the TVA is to expand outside of its area or whether there is need for the power, all of those incidental questions which have been discussed there is a basic principle and there is a matter of policy. The question of policy was brought up by my colleague from Michigan [Mr. DONDERO], when he quoted from the Knoxville paper, an excerpt which was to the effect that if continual demands were made upon the Federal Treasury by individuals and groups receiving special substantial benefits and continued appropriations were made the whole project might ultimately go out.

Taxpayers throughout the Nation may finally reach the conclusion that there should be an end to their contributions to a comparatively few.

The editorial from the Knoxville paper—from what my colleague quoted—seemed to indicate that the editor thought a willing horse might be ridden to death. The statement also called to mind one of Aesop's Fables—the one about the goose that laid the golden egg. It ran something like this:

One day a countryman going to the nest of his goose found there a golden egg—all yellow and glittery. When he took it up it was as heavy as lead and he was going to throw it away, because he thought a trick had been played upon him. But he took it home on second thought, and soon found to his delight that it was an egg of pure gold. Every morning the same thing occurred, and he soon became rich by selling his eggs. As he grew rich he grew greedy; and thinking to get at once all the gold the goose could give, he killed it and opened it only to find—nothing.

Moral: Greed oft o'er-reaches itself.

Long have the advocates of TVA profited by tax dollars which have been extracted from fellow taxpayers by the Federal Government. TVA began, as I recall, back in 1916, as Muscle Shoals project. In the beginning, the purpose—and again I am relying upon recollection—was flood control, and perhaps irrigation.

Later, war demanded the need of nitrate and the project was enlarged so that tons of nitrate were produced. Still later, others—and some of them were Republicans—advocated, attained, the production of fertilizer.

Then, to utilize the excess water which went over the dams, it was deemed advisable to use that unproductive waterpower in the creation of electrical energy.

The act of May 18, 1933, instructed TVA to take over Wilson Dam and a 60,000-kilowatt steam plant at Muscle Shoals, Ala., in the interest of national defense, and to develop fertilizer for agricultural improvement, install flood control, aid navigation, produce hydroelectric power for sale, support research in chemistry, chemical engineering and metallurgy, conserve natural resources, including forestry, fish, and game; aid industrial and community development, supervise employee housing, and cooperate with State and local governments for the general welfare.

Up to 1953, it received, from other sources, the sum of $1,707,000,000.

And so the snowball has grown—always at the expense of the taxpayers of the Nation.

Congresses have come and gone. We have had one President and then another, but the bureaucrats have been an ever-continuing group, always demanding and usually getting increased powers, an extension of their jurisdiction, more and more billions.

While TVA and its predecessors, like Topsy, may just have grown, there is no question but that it has grown vigorously, extensively, ever greater, ever more powerful.

The advocates of TVA may continue their ever-increasing demands, an ever-extension of its facilities, an ever-increasing number of officers and employees, ever-increasing benefits to a comparatively small area of the country, until finally the taxpayers, who have furnished the money for the special privileges and benefits which a few have individually and collectively been receiving, may revolt. Then, when that day comes—as assuredly it should if our guide is to be the welfare of our whole country—the advocates of TVA will find that, like the farmer, they have killed the goose—in this case the will of taxpayers—who have laid so many golden eggs for this favored area.

There is no question of what this debate is all about. We all know what it is. The people of that particular area, the Tennessee Valley, want the rest of the people of the United States to contribute to the cost of cheap power, not only for their own domestic use but so that industries now in the North, especially in New England and other northern and midwestern areas, will go South. That is what the advocates of this appropriation want.

Am I mistaken about it? Am I attributing to the people of that area something that is unfair, that they do not want? Let me read from the RECORD. As far back as 1933 we had $150 million invested in this project. Ever since it continued to grow and expand. And what was it? Here is the statement of a gentleman who was then a Member of the House. In 1933, Mr. HILL, now a Member of the other body, speaking from where I now stand, said:

> The dream is that the operation of this bill will not only bring industrial development, through cheap power, but that first and foremost it will carry cheap power to the domestic consumer and more particularly to the farmer out on his farm, and provisions to insure this are in the bill.

It was then, it today is a business proposition. A measure to tax all of us to give cheap power to the people of Tennessee. Are they paupers? Such a charge they would resent. Are they lazy? Are they indigent? No. Certainly not. Then why do they insist that we pay for their electrical power? Why should we furnish power for their industries? Let me tell you why. Because they have become accustomed to handouts. It is difficult to wean them. There you have it. Special privileges at the expense of the taxpayer was what they were after and got then as well as cheap power to bring industrial development down to their country, to give the local people current for light and other domestic uses, cheaper current than could be given the rest of the people throughout the United States.

It was only last year that this House almost without objection put through a bill to get the Government out of business, yet here today is a request for Federal funds to extend the activities of this Government-operated plant.

Is it fair, is it right, is it equitable, is it just that all of the people of the United States should be required, whether they wish or not, to contribute to the development of a particular area and to give to those people facilities for which the rest of us have to pay at cost plus an equitable profit? That is the issue. About that there is no dispute.

The proponents of this appropriation admit that locally they are receiving special consideration in the way of a reduction in the cost of living and of living conveniences which is denied to the rest of us.

They admit that the special benefits which they receive grow out of the taxes which the rest of us pay into the Federal Government. They admit that the Federal Government has no primary source of revenue except as it taxes all of us.

Over the years they have received many a golden appropriation. If their present demands and others which will undoubtedly follow are imposed upon the taxpayers, who, like geese, have been doing a lot of cackling but taking no effective action, it just may be as suggested by the Knoxville editor that the geese, that is, the taxpayers, may quit laying golden eggs—appropriations—then the golden eggs if there be such, will come out of the profits of, and the effective operation of, the gigantic industrial plant which they now have and which was given them by the rest of us.

Mr. Chairman, I ask unanimous consent to withdraw my preferential motion.

Mr. HALLECK. Mr. Chairman, I object.

Mr. Chairman, I wish to be recognized in opposition to the motion.

Mr. RABAUT. Mr. Chairman, I rise in opposition to the motion.

The CHAIRMAN. The gentleman from Michigan [Mr. RABAUT] is recognized.

Mr. RABAUT. Mr. Chairman, I wish to address myself to the preferential motion.

Mr. DAVIS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield to the gentleman from Tennessee.

Mr. DAVIS of Tennessee. Mr. Chairman, I should like to read as much of this argument here as I possibly can in answer.

As for Dixon-Yates, the position of the city of Memphis has, from the outset, been clear and unequivocable.

Mr. HOFFMAN of Michigan. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. That the gentleman from Michigan [Mr. RABAUT] has already asked that no one under the rule be permitted to yield his time to another. Under the rules he cannot do it.

The CHAIRMAN. The gentleman is out of order. The point of order is overruled.

Mr. DAVIS of Tennessee. I desire to quote from a letter written General Vogel by the mayor of Memphis:

> It is inconceivable that Memphis should be dependent upon a source of power which is clearly inconsistent with the continued growth and development of our community. Anyone who is familiar with the relationship of public-utility service to the welfare and health of a community knows perfectly well that no community should be made to rely upon a source of power which is produced by a system foreign to that community and which for obvious reasons has no responsibility for its economic development.
>
> Moreover, the Dixon-Yates arrangement violates every recognized principle which is basic to the development of electric utility systems so as to maximize economic and efficient operations. Surely, it should not be necessary for us to state these principles for you—the TVA power system is the world's outstanding example of a completely integrated and coordinated utility system. Thus the considerable economies which have been achieved in the operations of the TVA system are due in major part to the efforts of TVA management in developing a system which is fully integrated.
>
> For the above reasons, the city of Memphis and others in the Tennessee Valley, including the State of Tennessee, are seeking the full protection which is due them under the Public Utility Holding Company Act of 1935. As you know, one of the chief reasons for the enactment of this legislation was a recognition by the Congress that it was essential to consumers and the public interest generally that the growth of utility systems be regulated under standards which would contribute to economy and efficiency of operations. Thus one of the basic features of the Holding Company Act is the principle of integrated and coordinated operations. Another important feature is the confinement of utility systems to a limited service area, as an additional measure to assure economy and efficiency and to further local responsibility, local management, and local regulation. The Dixon-Yates arrangement violates all of these important requirements of the act.
>
> Your letter seems to make clear that the Bureau of the Budget would place the city

of Memphis in a position where, under the threat of the Dixon-Yates deal, Memphis would have no alternative but to take power from the Dixon-Yates plant or make arrangements to provide its own. We do not believe that the choice need lie between these two alternatives. Certainly the plan for future financing of TVA power facilities which you have recommended to the Bureau of the Budget provides an alternative which is sound and prudent from the standpoint of the Federal Government and at the same time is consistent with the welfare of the people of this community and other communities of the Tennessee Valley region. The Dixon-Yates plan is not, and for this reason we are taking the legal and practical steps necessary to prevent this improvident power arrangement from being foisted upon us.

We have heard a great deal concerning the desirability of a partnership relationship between the Federal Government and local agencies in developing power and other resources. We believe that the whole history of the TVA and the great advances which have been made in the Tennessee Valley are living examples of such a relationship. We believe that for almost 20 years the city of Memphis and the TVA have had such a partnership and that this relationship has not only been a good one for our region but has also benefited the country as a whole.

When you communicate our views to the Bureau of the Budget I hope you will say to the Bureau that the people of this region are puzzled by the utterances of partnership which have emanated from various official sources.

Mr. HOFFMAN of Michigan. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. The gentleman in the well is reading his speech, which is contrary to the rules.

The CHAIRMAN. The gentleman is entitled to read his speech if he so desires.

The point of order is overruled.

Mr. DAVIS of Tennessee. I am quoting from a letter addressed to the Chairman of the Tennessee Valley Authority by the mayor of Memphis wherein he finally says that if this Congress works its will against the further development of the efficiency of the Tennessee Valley Authority so that the TVA cannot supply the city of Memphis its needs under the contract with the city of Memphis that the city of Memphis will build its own plant.

Quoting further the mayor wrote:

We are puzzled because despite these claims of interest and concern with the welfare of local communities the Bureau of the Budget, without even first exploring alternative solutions with those who would be vitally affected, has attempted in the Dixon-Yates deal to saddle our area with a source of power supply which would be a drain on and a detriment to our future development and economic well-being. What kind of a partnership is it where the Federal Government makes a vital decision affecting a city's power supply without first consulting the people who have a direct pecuniary interest? And what kind of partnership is it where the vital decisions on the part of the Federal Government affecting a city's power supply and indeed its whole future seem to be made, not by TVA, the Federal agency with which distributors of power in this area have contracts, but by the Bureau of the Budget and the Atomic Energy Commission, neither of them with any apparent interest in the city's problems or its viewpoint.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Tennessee. I yield to the gentleman from Michigan.

Mr. RABAUT. I want to thank the gentleman from Michigan for making it possible for the gentleman to make this fine speech he is making.

Mr. DAVIS of Tennessee. I thank the gentleman. This means much, of course, to the economy of our section of the country. So much has been said about my city that I felt that I should say these few words.

Memphis of course wishes to continue as a part of the TVA system because the arrangement is sound and has produced great benefits for all concerned. We have made important public use of the benefits of economically produced TVA power, but at the same time the rate payers of Memphis, together with all other consumers in the Tennessee Valley area, have made it possible for the TVA system to be self-supporting and to earn a reasonable return on the Federal investment. On this basis, the people of Memphis have invested approximately $50 million in their own distribution system, which is fully integrated with TVA's own system. It seems clear that if Memphis and the rest of the Tennessee Valley are to continue to have the benefits and economies of an integrated power system, new generating capacity should be constructed by TVA at locations selected by TVA, and the power consumers should continue to pay rates which cover the cost of that capacity and provide an adequate return on the investment.

This can be done under the financing plan you and your colleagues on the TVA board have recommended. We trust that your efforts to secure approval of the plan by the Bureau of the Budget will be successful. But if your efforts should not prove successful, then the city of Memphis will take such further steps as the situation may require for the safeguarding of its vital interests in this matter.

For the reasons we have indicated, including those relating to pending litigation, it is our position that under no circumstances would the city of Memphis ever become a market for Dixon-Yates power.

The CHAIRMAN. The question is on the motion offered by the gentleman from Michigan [Mr. HOFFMAN].

The motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. HALLECK].

Mr. BEAMER. Mr. Chairman, I ask unanimous consent that the time allotted me be transferred to the gentleman from Indiana [Mr. HALLECK].

Mr. RABAUT. Mr. Chairman, I made the statement before anyone started to speak that no matter what the time allotment would be I should have to object to the transfer of time. Therefore I object.

Mr. HALLECK. Mr. Chairman, I think it is important for us to understand at the outset the original purposes of TVA. It was to develop navigation and flood control with the incidental production of power, that power to be sold as surplus power.

TVA continued in that fashion until about 1947, when a request was made of the Congress to provide money to build steam generating plants. We were told at that time that the only purpose was to firm up the power. At that time the request was turned down. Subsequently, under exigencies of defense requirements, steam plants were built with the taxpayers' money.

Now, with the whole operation, the TVA has changed to the point where instead of generating primarily hydroelectric power, it will generate only 30 percent hydroelectric power and 70 percent steam-generated power when these steam plants are completed.

To accomplish the power development in the Tennessee Valley—not navigation and flood control but power development—the taxpayers of the United States have footed the bill for more than $1,400,000,000. At an average annual rate of 3 percent, that is $42 million a year in taxes that the American taxpayers generally, those of my State of Indiana, of Illinois, of all States, must pay to subsidize, in that degree, the production of power in the Tennessee Valley.

In addition, as far as taxes are concerned, TVA applies about 6 percent of its gross revenues in lieu of taxes. However, the Federal Power Commission has reported that the average private utility pays 22 percent of its revenues in taxes.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. HALLECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. Because the pattern was set, Mr. Chairman, in respect to yielding, would it not be proper at this time for anyone who wanted to yield to me, after he was recognized, to be so recognized in order that I might complete my statement?

The CHAIRMAN. The present occupant of the Chair has always alternated between the sides and thinks in fairness that that precedent should be followed.

The Chair recognizes the gentleman from Tennessee [Mr. BASS].

Mr. BASS of Tennessee. Mr. Chairman, in the slight 2 minutes that I have to appear before the Committee to defend one of the greatest economic developments that has ever been known to man in this country, I feel just like a minister would in going before a Christian audience and defending the Bible. I feel just like the father of a child would in having to defend that child from its own mother.

Yes, Mr. Chairman, I am a child of the TVA. I have seen it change the whole face of the central South from a land of poverty and devastation into one of powerlines and industrial development that has meant more to the overall economy of this Nation than any engineering unit conceived by man. When we begin to talk about Dixon-Yates, Mr. Chairman, I wonder how such a deal could be conceived to try to destroy a great development that has meant so much to my people. I see powerlines spread all over my area, which has brought modern facilities into the farm homes for the benefit of the rural people who have to work by the sweat of their brow and the bend of their backs. I am surprised, Mr. Chairman, to see some Americans get up on this floor today and make statements against one of the great developments of this Nation

as they do. I think it is nothing more than an objection to seeing the economic industrial development of a great part of a great Nation.

Mr. Chairman, I would like to make this statement. The gentleman from New York [Mr. TABER] yesterday came on the floor and talked about how much money of the taxpayers of the city of New York was spent on the TVA. I would like to advise the gentleman that in the State of New York alone the Federal Government has spent $308,945,000 on rivers and harbors. I wonder if he thinks this is mistreatment of the taxpayers from the State of Tennessee. I know of no one in the State of Tennessee who use the rivers and harbors of New York. Yet I certainly support the development of these great resources.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

The Chair recognizes the gentleman from Indiana [Mr. BEAMER].

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. BEAMER. I yield to the gentleman from Indiana.

Mr. HALLECK. Mr. Chairman, I would like to say first of all to my friend from Tennessee that you people have done very well down there compared to the taxpayers of the rest of the country, and I would like to suggest that it might not be too wise to ride a good horse to death. I almost hesitate to say this, but possibly you are a little afraid that the gravy train is running out. I do not know. I know this: As far as Dixon-Yates is concerned, the fact is that the contract that has been made will not destroy the TVA. On the contrary, it will benefit the TVA, because the TVA will be relieved of the necessity of furnishing 600,000 kilowatt hours of electricity to the AEC. Hence it will be available to be used by the TVA to provide this subsidized, below-cost power to siphon off more industries from States like Massachusetts, Rhode Island, and a lot more. I think the time has come to consider this issue on a fair, square basis. The question as I see it is: Are we to continue to spend hundreds of millions of dollars of the taxpayers' money generally, taxpayers from all over the country, to enable the people of the TVA area—and heaven knows I do not object to their being aided within proper limits—to expand steamplant power production ad infinitum when we know or ought to know its disadvantages to the rest of the country? Let me ask my friends from Pennsylvania, New York, Michigan—do you think you can go back home and explain that situation, when your people are buying their power either from a municipality that has to borrow the money to build the plant or from a private utility that has to borrow the money and pay taxes on their operation?

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Alabama [Mr. JONES].

Mr. JONES of Alabama. Mr. Chairman, let me hasten to emphasize one important fact that this question will resolve. This immediate proposal does not confine itself just to TVA. There is a larger question, the question of whether or not the people, through their Government, will continue to control the management of the Tennessee Valley Authority, the Bonneville Administration, the Central Valley project, the Southwest Power Administration, the Southeast Power Administration, the rural electrification program, and all the flood control projects that presently contain a multiple function including the supplying of electric energy.

That is the issue in every instance that is brought up here today, whether or not the people of this country under the guise of an issue of public versus private enterprise, are to be deprived of the benefits given them thus far.

Here is a function of Government which belongs to the people, whose affairs come under the administration of this Corporation established by an act of Congress.

We have heard a great cry about a subsidy to the people who are served by TVA. Under the Defense Production Act, we have now given tax subsidies to the private utilities in excess of $4 billion. Why did we give them those tax amortizations? We gave it to the private utilities for the specific purpose of accelerating the increase of capacity of production of energy for the national defense.

Consumption of electricity everywhere has increased beyond anything anticipated by economists or technicians. The demand for power is immeasurably more than could have been foreseen a few years ago. It is a simple fact that we do not have enough power and we are not likely to have enough in the future if present trends continue.

In the Tennessee Valley, the development and use of power over the past 22 years has been phenomenal. Perhaps the most dramatic increase in use of power has been in the rural areas and on the farm. In 1933—at the start of TVA—less than 3 percent of the farms in the TVA area had electricity. That amounted to about 15,000 farms. Today, in the same area, there are 440,000 farm homes served with electricity through this system.

The use of electricity on farms in the year 1933 was only 9 million kilowatt-hours. Today, the farm use is about 1.5 billion kilowatt-hours a year or a growth of 170 times. Electric energy has reduced human toil on the farm and has brought conveniences and higher standards of material well-being directly into farm homes. It has brought to an end the back-breaking toil that for generations has been the lot of the farm women and men of our area.

The residential use of electricity in total has grown about 46 times during this period. In 1933 the average home use of electricity was 600 kilowatts a year in the TVA area. Today the average is 5,000 kilowatt-hours.

In business and industry, approximately 1¼ billion kilowatt-hours were used in 1933. Today that use has grown to 13.5 billion, or 11 times. The fact that the worker and the home user and others have more electric energy at their command means that they can do things more quickly and easily. They have more time to engage in other things. In general, this has reflected itself in increased prosperity in the region. May I say also, at this point, that a lot of people contributed in working this out. It took not only the availability of power but it took the work of the local agencies to build the distribution lines to carry the energy out to the farms and the homes.

I have thus far spoken of the use of power by the people in the TVA region. I want to comment now on the Federal Government's use of TVA power. It may come as a surprise to many of you to learn that the biggest user of electric power in the Tennessee Valley is the Federal Government—the Atomic Energy Commission. I particularly would like those who constantly harass TVA to take note of this fact.

Back in 1933, the amount of power used by the Federal establishments in the TVA region was insignificant. Today the requirements of Federal agencies in the TVA area are over 3.5 million kilowatt hours. Last year they used 16.7 billion kilowatt hours primarily at the large AEC installations at Oak Ridge and Paducah. The Atomic Energy Commission has begun using power much more rapidly than their demands can be supplied. Other Federal users of power were at such Government installations as Redstone Arsenal, Fort Campbell, at the wind tunnel project at Tullahoma, Tenn., at the Muscle Shoals development works and so on.

Another very large consumer of TVA power is the aluminum industry. Of the total production of the TVA system for the last calendar year, the aluminum industry used 10 percent.

What of the future for the TVA region? What are the estimates of power requirements for the residents, the industries, and the Federal establishments in the Tennessee Valley?

Large and constantly growing amounts of power are used by the 148 municipal and cooperative electric systems which distribute TVA power to the 5 million people in the area they serve. The power needed to supply all users—residential, industrial, and Federal agencies alike—was 5,411,000 kilowatts in January 1954. The estimated load for December 1957 is 9,800,000 kilowatts, a substantial increase you will note. Based on present estimates the demands for the end of 1958 are 10,600,000 kilowatts. This includes requirements for AEC projects which will take 3,110,000 kilowatts alone and leaves for other users 7,490,000 kilowatts. Let me point out that these estimates assume a continued expansion of the economy of the Nation and of the region with a relatively high level of industrial production.

With these increased demands and with this prospect of a serious power shortage in the Tennessee Valley the Eisenhower administration set out to relieve TVA of a part of its contractual obligation to the Atomic Energy Commission and we wound up with the Dixon-Yates deal.

The Dixon-Yates power contract was privately negotiated without competitive bidding. It is totally and entirely unacceptable to the people of the Tennessee Valley. We know that it would

be the opening wedge that would ultimately mean the end of TVA. We are suspicious of this deal and we know that it smacks of rank favoritism. There are, as all of you know, serious obstacles to the completion of the Dixon-Yates arrangement. The contract itself is in litigation. I suppose almost everyone in the country is now acquainted with the financial aspects of the much-publicized contract. If we allow the Dixon-Yates combine to build their plant, it will cost the taxpayers of the United States approximately $3.5 million to $5.5 million more per year than if the Government proceeded to add capacity to the TVA system.

The President's budget message plainly shows that in 1958 TVA will have a deficiency of 457,000 kilowatts. Without Dixon-Yates power which the budget is counting on, the shortage will run around 1 million kilowatts. By the budget's own statement, unless additional generating capacity is authorized by this present Congress, TVA's assured capacity will be 6 percent short in 1958.

The amazing thing is that the budget says this at a time when the Office of Defense Mobilization is announcing an upward revision of its electric power expansion goal for the Nation. This new revised goal of electrical capacity for our Nation by the end of 1958 is to 150 million kilowatts of capacity. But none of this upward revision is to be for the Tennessee Valley area. Instead we are going to be 6 percent short.

The Bureau of the Budget has not made a recommendation for a single kilowatt of additional generating capacity for TVA. This is the second successive budget carrying absolutely no funds for the construction of new power-generating capacity. The recommended sum is 77 percent below the appropriation for fiscal 1955, which in turn was 25 percent below the appropriation for fiscal 1954. It is the lowest TVA budget in 20 years and yet there is a steady increase in the need and demand for electric energy.

The implications for the people of the Tennessee Valley of a possible shortage of this magnitude can readily be seen. It is a situation which is looked upon with alarm by every household, by every commercial and industrial user of power in the area. As dangerous as this situation is for the Tennessee Valley, I believe it presents an even greater danger for the Nation as a whole. This would particularly seem to be the case in the light of TVA's magnificent contribution to national defense during World War II and the postwar period.

In the light of these circumstances it is most imperative and important that the construction by TVA of facilities required to meet its system's load be started and that adequate funds be made available. Construction of a plant near Fulton, Tenn., is the most efficient and economical way to add the capacity required to meet the power demands in TVA's immediate future. This can be accomplished by approving the committee's action of transferring to the Fulton construction program the $6.5 million requested for Dixon-Yates transmission lines. This would be a prudent and wise action on the part of the House. It would be a sound and practical investment of Federal funds. I urge that this appropriation item be approved. In this way, TVA will be back on the road of efficient and orderly development from which it was sidetracked a year ago by TVA's utility enemies.

There is every reason in the world to maintain TVA at maximum efficiency by Federal investment. TVA is a creature of Congress itself—a national institution producing national benefits. TVA is looked upon through the world as one of the proudest achievements of the United States. Every year thousands of visitors from every part of the world come to TVA to study the manner in which it was created and is being operated. To permit TVA to operate at standards not only less than those of maximum efficiency but at standards which would greatly impair the efficiency of this agency would be damaging, in my opinion, to our national interests.

TVA stands as one of the bulwarks for freedom. It furnishes the electric lifeline to atomic progress, aluminum for aircraft, research to further conquer space, and the myriad of other related manufacturing and developing industries so that in the overall program looking to the welfare and public good of the entire Nation, TVA must be considered as a national and vital concern to all our people.

TVA has an excellent record. It has the confidence of the 5 million people in its 80,000 square mile service area. I believe it has the confidence of the Nation as well. On behalf of the people of the valley and the people of the entire United States, I respectfully urge that this Congress give favorable consideration to TVA's request for funds with which to continue its development so that it can continue to carry out its obligation to America.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. DAVIS].

Mr. DAVIS of Wisconsin. Mr. Chairman, this debate has been channeled by some of the people into a straw-man attack upon the TVA. It is not that, but rather it involves a much more real and limited problem than that kind of a broad issue. In attempting to knock down the straw man which they have developed, they have taken credit for a great many things for TVA that are not involved here and, in fact, do not exist.

For instance, they have pointed to the growth in the public utilities outside of the TVA area. I wonder if the question might very fairly be raised as to whether or not the dynamic economic development of the South outside the TVA area might not be the real reason for that. It may very well cast a reflection upon the economic development that has taken place within the TVA area. It think at least that question might well be raised.

Then, too, they said, "Look at all the business that has come to other parts of the country as a result of TVA."

Well, look at all of the business that has come all over the country as a result of the billions of dollars that have been poured out of the Federal Treasury. Does that mean that is a sound, just, economic enterprise and that we ought to have that continue?

They have said how lucky we were to have TVA for our defense, but those of us who have sat on appropriations subcommittee know they have come in and got the money for the development of these TVA projects largely on the basis of their being for defense; yet they now say, "How lucky we are to have the TVA."

This amendment is not an attack upon the Tennessee Valley Authority. The gentleman from California made that perfectly clear. It is not entirely an issue of private power against public power, either. More correctly, the amendment represents a defense against the bold attempt to destroy a Government contract fairly entered into, and to put in its place a Government-financed project, a project similar to projects repeatedly denied by Congress in recent years.

I feel confident that the keen minds of this House will cut through the oratory to reach the real, more limited, issues involved.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. GATHINGS].

Mr. GATHINGS. Mr. Chairman, I cannot believe the gentleman from Tennessee who resides across the river from me would want to make a statement that the city of Memphis would not want to take this Arkansas power. Arkansas power is going to be like any other kilowatt, it is going to be like any other power that is pumped into their system. I do trust that attitude is not general throughout the city of Memphis. As a matter of fact, when we had that groundbreaking ceremony at West Memphis a few days ago, the president of the Chamber of Commerce of the City of Memphis, Col. Roane Waring, made a fine speech in behalf of the Dixon-Yates plant at West Memphis, Ark. The ground has already been broken and the work has started on actual construction. We do feel we have quite a lot of friends on that side of the river.

Mr. DAVIS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I would like to yield to the gentleman and would if someone would accord me more time, but I must proceed with my remarks. I wanted to talk for 5 minutes longer. So I hope the gentleman will pardon me.

The CHAIRMAN. All the gentleman has to do is say he declines to yield.

Mr. GATHINGS. I decline to yield, Mr. Chairman.

The CHAIRMAN. The gentleman declines to yield.

Mr. GATHINGS. Mr. Chairman, I want to pay tribute to 19 great Americans on the House Committee on Appropriations who stood up in the face of tremendous pressure and voted against vitiating an honest, solemn agreement entered into by the United States Government through the Atomic Energy Commission, with the Dixon-Yates organization. These 19 came from both sides of the aisle, Yes; there were four Members on the Democratic side who voted to stand by that contract, and I praise them for it. It is not a question

of politics or partisanship. It is a matter of principle. They voted in this close vote for the best interest of their country.

I agree with the Washington Daily News editorial of June 11, 1955, and quote it verbatim:

WRONG WAY TO DO A JOB

It is unfortunate the House Appropriations Committee has used the oblique, rather than the direct, approach to try to kill off the Dixon-Yates contract. We say that as a newspaper opposed to the contract.

The way the administration handled the Dixon-Yates contract was wrong from the outset. That, however, does not justify opponents of Dixon-Yates in using wrong methods.

The committee has decided by a 4-vote margin to refuse $6,500,000 to the Tennessee Valley Authority to build a transmission line to the middle of the Mississippi to accept Dixon-Yates power.

The forthright and clean way for Congress to meet the Dixon-Yates issue is to vote the contract up or down, as we believe it has authority to do. With the objective of killing Dixon-Yates we agree; with the means employed by the committee, we do not.

There is another part of the committee's action that deserves careful attention. It decided, also by a four-vote margin, to order TVA to start construction of an entirely new steamplant at Fulton, near Memphis. It is ordered to use for this purpose the $6,500,000 disallowed for the Dixon-Yates transmission line.

If this action is approved by the House and subsequently by the Senate, it will mean that by this $6,500,000 nibble, this Congress will commit future Congresses to spend at least $83,500,000 to complete a 2-unit plant at Fulton at a total cost of $90 million. A 4-unit plant would cost upward of $150 million.

The House committee has engaged in figure juggling. If it really wants the Fulton plant built, and if it has any real sense of responsibility, it will provide at this session for financing the remainder of the cost of that project out of private investment funds.

It can, and we think must, do this by enacting a TVA self-financing plan. Two such plans are pending. One was drafted by TVA, and supported unanimously by its three directors; the other is the Budget Bureau revision of the original TVA plan, and it is supported by only one of the agency's directors.

There are weak places in both versions. But between them there obviously is room for drafting a compromise plan which will create a fair means for TVA to finance itself with revenue bonds.

A truly responsible Congress, with proper regard for the taxpayers as well as the private and governmental power users of the Tennessee Valley, must not let the House committee's action stand alone. It must create the means for financing what it wants done in a prudent and economical way so power needs of the valley can be met in time.

On June 2, 1955, the city of West Memphis, Ark., celebrated ground-breaking ceremonies for the building of the Mississippi Valley Generating Co. plant—the so-called Dixon-Yates plant.

The executive branch of the Government is carrying out the mandate from Congress under Public Law 703 of the 83d Congress, and has a contract with the Dixon-Yates group to buy power through the Atomic Energy Commission from this plant when completed. This authority was given by the Congress after exhaustive studies of proposals to build this plant under private free enterprise or under the authority of the Tennessee Valley Authority. The debates in the Congress showed clearly that the purchase of power from the private West Memphis plant would result in a saving of some $183,400 each year to the Government over costs in purchasing the same power from the TVA, using the same rate TVA charged AEC at Paducah.—CONGRESSIONAL RECORD, volume 100, part 9, page 11678.

But, some would refuse the means of individual free enterprise and would seek to overcome this power shortage by the further expansion of TVA in the field of steam-generated power.

As originally conceived, the Tennessee Valley Authority was created to provide for navigation and flood control. A byproduct of this work was for the production of hydroelectric power. Starting from this authorization, TVA now produces more than 70 percent of its power, not by hydroelectric methods, but by steam generating. TVA has become the largest single consumer of coal in the United States. For their power is produced by this method, a far cry from the intent of the Congress that TVA should produce hydroelectric power to overcome a part of the cost of its flood control and navigation programs. Today, TVA operates powerplants producing 6,075,685 kilowatts, almost 10 percent of the total capacity of the entire Nation. And, since 1946, essentially all of the development for hydroelectric power had been accomplished, and the expansion of TVA has been in the field of steam-generating plants.

In 1953 the Truman budget carried a request for money to start a steam generating plant for the TVA at Fulton, Tenn., about 25 miles north of Memphis. However, the Eisenhower budget deleted this request, and when the bill came before the House of Representatives in June of 1953, an amendment was offered from the floor by Representative JERE COOPER of Tennessee, to provide $30 million to start construction on the Fulton plant Mr. COOPER's amendment was rejected by a vote of 154 votes against to 83 votes for the amendment. The Congress clearly rejected the idea of permitting the TVA to build the Fulton plant—CONGRESSIONAL RECORD, volume 99, part 5, page 6714. The Congress indicated at the time that it was their intent to stop the further expansion of TVA into the field of steam generating power.

However, in March of 1954, the TVA advocates came back to the Congress. TVA asked the Bureau of the Budget to give them funds to start 8 new steam generating plants, 1 of which was the Fulton, Tenn., plant. The Bureau of the Budget denied the TVA request, so back to the Congress they came.

An amendment to provide $85 million to start these 8 plants was presented. It was rejected by the House by a vote of 87 votes to 139 votes against the amendment.

Following the defeat of this amendment, an amendment was introduced to provide funds to start only the Fulton steam plant. The House proceeded to reject this amendment. Thus, in the same day, March 31, 1954, the House of Representatives gave two clear indications that they did not intend to permit the TVA to build the Fulton, Tenn., steam generating plant.

In the face of these three refusals, the advocates of TVA power, on July 23, 1954, proceeded to question the authority of the Atomic Energy Commission to make a contract with the Mississippi Valley Generating Co. An amendment was introduced to the bill to amend the Atomic Energy Act of 1946 to kill the Dixon-Yates program. The amendment was voted down by a vote of 54 ayes to 85 noes—CONGRESIONAL RECORD, volume 100, part 9, page 11739.

What is the clear implication of this picture?

First. Additional power is needed in the Midsouth for its citizens and to safeguard actions on behalf of our national security.

Second. The Congress by the votes taken on the issue does not want the TVA to provide this additional power from steam generating units to be built with tax money.

Third. The Congress has authorized the President and the executive branch to secure this additional power through contracts with private enterprise.

Fourth. The executive branch has followed the mandate of the Congress and has made such a contract with the Dixon-Yates firms.

Fifth. The contract is a good deal for the Government.

Sixth. It will put a stop to further expansion of TVA into a field that was never contemplated by the Congress that originally voted to create a governmental agency "to promote the maximum development of the Tennessee River for navigation purposes, flood control, and generation of electric power, incidental to and consistent with flood control and navigation."

Yet, here for the fourth time a move appears in the Congress to change the trend of government away from free private enterprise. The public works appropriations bill has been amended in committee to provide funds to start the Fulton, Tenn., steam generating plant. Not enough funds, however, to build the smaller plant, is provided for this plant has been estimated to cost $80 million. At money borrowed from the taxpayers through sale of Government bonds, the cost would be increased by the interest on the Government bonds.

But, at any rate, there is a request for money to start construction of this Fulton plant. They do not ask for all the money now.

Congress has rejected this TVA proposal on three occasions, and on another occasion by its adoption of the principle of dealing with private capital, has rejected it again.

On the other hand, the Congress has issued a mandate to the Federal Government to encourage private enterprise and to make contracts with private companies. This the Government has done. The principle of private enterprise is still strong in the hearts of the American people.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. JONAS].

Mr. McCORMACK. Mr. Chairman, if the gentleman will yield for a moment, I do not want to ask him a question but I am going to ask my friend from Michigan [Mr. RABAUT] if he will state to the Members that he has no objection to Members' transferring their time to other Members if they desire to do so. I hope my friend from Michigan will do that.

Mr. RABAUT. I will do it.

Mr. JONAS. Mr. Chairman, one of the questions that provokes violent disagreement in these debates is whether TVA pays a fair share of taxes for the support of local and State government.

Of course we all know that TVA pays no income taxes to any State and no income taxes to the Federal Government, even though its revenues from the sale of power in the fiscal year 1954 exceeded $130 million.

But TVA is required by the basic act to pay 5 percent of its gross proceeds derived from the sale of power, excluding power sold or delivered by TVA to any other agency of the Government, to the States and counties in which it operates. These payments are in lieu of taxes, and are provided to replace taxes formerly paid on property acquired by TVA and previously thereto subject to State and local taxation.

A pertinent question to ask then is whether the amount TVA pays in lieu of taxes is a fair amount. The proponents of TVA expansion contend that the amounts paid exceed what the State and local units would receive if the properties were operated by private utilities.

I do not know what the situation is in Tennessee or other States where TVA operates, but I do have some facts about the situation in my State of North Carolina. You can use your own judgment, after listening to these facts, in deciding whether TVA is paying a fair amount of money in lieu of taxes in North Carolina.

The facts in question were contained in a statement made last year by the Honorable Ben E. Douglas, director of the Conservation and Development Commission of North Carolina, in testimony at Chattanooga, Tenn., before the Hoover Commission Task Force on Water Resources.

The following paragraphs are quoted from Mr. Douglas' statement:

> The TVA has three hydroelectric dams in North Carolina—Fontana, Hiwassee, and Appalachia. While the powerplant for the last-named dam is in Tennessee, the energy produced by all three of these is from North Carolina natural resources. The total kilowatt capacity produced by the 3 dams is over 250,000 kilowatts and, according to the TVA annual report for the year ending June 30, 1953, the 3 installations produced 1,345,000,000 kilowatt-hours during that 12-month period.
>
> According to the tax records in the State of North Carolina, the total value of all this property of TVA in North Carolina is slightly over $97 million. Using the standard method of tax valuation (50 percent of the value for tax purposes) and an average tax rate of $1.50, the ad valorem taxes alone would amount to slightly over three-quarters of a million dollars per year to the counties in which these properties are located. Actually, according to tax records, TVA paid in 1954 payments in lieu of taxes in the amount of $85,666.61.
>
> If the 3 plants had been operated by privately owned utilities, and if the total taxes—Federal, State, and local—were computed on the average basis of the 2 largest privately owned utilities in the State, the tax revenues would have been from $3 to $4 million instead of the mere pittance of $85,000 actually realized by the State and county governments.

Mr. JENSEN. Mr. Chairman, when it comes my time to be recognized, I ask unanimous consent that my time be allocated to the gentleman from Indiana [Mr. HALLECK].

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. PRIEST].

Mr. PRIEST. Mr. Chairman, in these 2 minutes, I wish to say just a few things that may help us to get at the very heart of what we are discussing. It seems to me that a great deal of the discussion today, and this is not said critically at all, concerns a question which, I think, was decided by the Congress of the United States in 1939.

Repeatedly, I have listened to statements as to the original purpose of the Tennessee Valley Authority Act. I shall not discuss that further. I think everybody is familiar with that. But in 1939, after Mr. Wendell Willkie and Mr. David Lillienthal negotiating together, came before the old Committee on Military Affairs and asked the Congress of the United States to approve the purchase by the TVA of the assets, the power generating and distribution facilities of Commonwealth & Southern in that area, and the Congress approved it—that settled once and for all as a question of national policy what utility was to serve that area.

I reread recently the testimony of Mr. Willkie, who was president of Commonwealth & Southern. Mr. Willkie said to the Committee on Military Affairs at that time that there is no room in the Tennessee Valley area for two competing utility systems, and that evidently, the TVA had a broader job to do than Commonwealth & Southern:

> We are willing to sell and I believe we ought to sell.

That was the statement in substance of Mr. Willkie. Thereafter, by direction of the Congress of the United States, the Tennessee Valley Authority became the public utility electric system for an area of 80,000 square miles, and was told to serve that area. In its efforts to serve that area, notwithstanding the fact that 50 percent of its power production goes to the Federal Government, they need additional generating power. The question before us is the simple question of whether we shall, by our action today, grant to TVA funds to start additional steam-generation facilities in an area now served by the TVA, and where there is a shortage of power.

This shortage is due largely to the fact that TVA is under contract with AEC for a large quantity.

I do not have time to review the most unusual circumstances incident to the signing of the Dixon-Yates contract.

I hope the Phillips amendment will be voted down, and that TVA may proceed with the installation of generating facilities in order that the Authority may properly do the job Congress has told it to do.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. BOW].

Mr. LAIRD. Mr. Chairman, I ask unanimous consent that my time may be allocated to the gentleman from Ohio [Mr. BOW].

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin [Mr. LAIRD]?

There was no objection.

The CHAIRMAN. The gentleman from Ohio [Mr. BOW] is recognized.

Mr. BOW. Mr. Chairman, the gentleman from Tennessee [Mr. PRIEST], who just preceded me, made a statement about decisions which were made in 1939, which calls to my attention another decision which was made in 1939, which I think is important. On April 13, 1939, during the debate on the TVA Act in the other body, the late Senator Norris was speaking and he raised the question about taxes. We have heard so much about that today. Let me read to you what Senator Norris, and you all know he was a great friend of TVA, had to say with regard to the proposal from the great association of Tennessee which was, in effect, that the TVA property be subject to taxation the same as everybody else's property.

Senator Norris went on to say, on page 5866 of the CONGRESSIONAL RECORD of April 13, 1939:

> On my desk now there is a printed amendment intended to be offered, which provides that all property of TVA shall be subject to taxation everywhere under the local laws of taxation. If we go to that extreme, Senators can see that the TVA would be out of business in 3 months.

And he goes on to make other statements of the same kind. So you see back in 1939, others things too were decided—that they would pay no taxes, but that TVA would be built by the tax dollars from the other States of the Union. I should like to say to one of the other gentlemen from Tennessee, who spoke earlier today, and I am not referring to our colleague [Mr. PRIEST], who just preceded me, but to one of the other Members from Tennessee who said when he came to the well of the House that he felt as though he were defending his child that had been born in that area, and he was defending a child. Let me say this to the gentleman—that he may have been defending a child which he saw born, but that child has become of age. The child has come of age, which you are defending, sir. Perhaps it had to be bottle fed from the sweat and toil, yes, and the tax dollars of the rest of the Nation at the time he said he first saw—with the poverty he has referred to—he saw it grow to a great industrial empire. Yes, Mr. Chairman, the child is a giant today, and in the eyes of many looks a little ridiculous still nursing on the bottle.

Perhaps it is time to wean it. It is no longer a child. It is now in a position to go on its own. The child can walk and run. It has its own great industrial empire. It is time that it learn some of the facts of life.

So, what Senator Norris had to say in 1939, that it would fall in 3 months unless the rest of the taxpayers of America sustained it, no longer applies.

I do not believe this is a question of a fight on TVA. It is a question of whether or not we are going to permit private enterprise to furnish power where they are willing to furnish it at a cost less than TVA actually furnishes power to the Atomic Energy Commission now, and whether we will take another hundred million dollars of the American taxpayers' money to build a steam plant, or whether we will permit private investors, on the basis of which America has become great, to make their investments without a drain upon the taxpayers of the country to build this facility to furnish this 650,000 kilowatts that is needed now by the Atomic Energy Commission. It is just that simple and just that plain.

As the gentleman from Arkansas has said, you cannot tell whether it is a TVA kilowatt or whether it is a kilowatt generated in Arkansas. They are all the same. Either we are for the free American enterprise system or we are against it. Where we stand will soon be seen. Now is the time to stand up and be counted.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. Bow] has expired.

(Mr. MARTIN, Mr. GAVIN, Mr. MILLER of Nebraska, Mr. YOUNGER, and Mr. SCHWENGEL asked and were given permission to transfer the time allotted to them to the gentleman from Indiana [Mr. HALLECK].)

(Mr. MILLER of California asked and was given permission to transfer the time allotted to him to the gentleman from Michigan [Mr. RABAUT].)

The CHAIRMAN. The gentleman from Alabama [Mr. ELLIOTT] is recognized.

Mr. ELLIOTT. Mr. Chairman, the advocates of the Phillips amendment try to make much of the fact that the Tennessee Valley Authority has come of age. It is true that it first saw the light of day 22 years ago in the administration of that matchless leader, Franklin D. Roosevelt.

I want to say to my friends of the House, Mr. Chairman, that if many of those who make so much of the fact that TVA has come of age could have their way very long, the TVA would certainly be short-lived.

The Phillips amendment seeks to strike the provision of the bill on page 5 providing an appropriation of $6½ million "for commencement of construction of a powerplant to be located near Fulton, Tenn."

In other words, the bill before us provides that $6½ million, which the Bureau of the Budget recommended be appropriated to build a transmission line from the Dixon-Yates plant on the west side of the Mississippi River to Memphis, be used instead to commence construction of the steam plant at Fulton, Tenn., north of Memphis.

I am opposed to the Phillips amendment.

I am opposed to the Dixon-Yates contract.

In answer to those who say the Dixon-Yates arrangement is legally binding upon the United States, I point out that it is still in litigation. It is my understanding that the pending lawsuit goes to the question of whether or not the Dixon-Yates contract is legally binding.

The people of the Tennessee Valley do not want the Dixon-Yates contract. It should not be forced upon them.

I want to point out that an agreement was had between the TVA and the Commonwealth and Southern Co. about 1939 which provided that within the area now served by the TVA, the Commonwealth and Southern Co. would withdraw. At the same time, the TVA did not ask to extend its lines into the surrounding area served by the private power distributing companies.

Many of the people in the Tennessee Valley regard the proposed invasion by Dixon-Yates as being in violation of the spirit of the 1939 agreement.

Also, it must be borne in mind that Dixon-Yates in the long run will cost the taxpayers a hundred million dollars, which we can ill-afford to waste at this time.

The Tennessee Valley Authority should be allowed to serve the power needs of the people living within its service area. The Congress of the United States possesses the power to make this possible. We can do it by defeating the Phillips amendment and by allowing TVA to get started with building the Fulton, Tenn., steam plant. We should be going much further. Many additional steam units need to be built in the Tennessee Valley in order to meet the demand for power within the TVA service area. If we neglect to allow the construction of these steam plants, it is only a matter of a short while until the lights in the Tennessee Valley area will be dimmed.

The principal value of the TVA is as a yardstick for power rates. Dixon-Yates might well be the entering wedge to break the yardstick. When TVA can no longer serve as a yardstick of power rates, then it has lost the function for which it was created.

As I have stated to the House in previous years, the congressional district which I have the honor to represent draws its power from both private and public sources. About one-third of my people get their power from TVA. About two-thirds get their power from the Alabama Power Co. The two systems operate side by side. They exchange power when necessity calls for such an exchange. Electricity is cheap in the Seventh Congressional District of Alabama. It is cheap in the Alabama Power Co.'s service area. It is cheaper in the TVA area. To the best of my knowledge, there is no desire on the part of either the Alabama Power Co. or the TVA to invade the service area of the other.

The Dixon-Yates contract should be killed if it is legally possible to do so. Funds for Dixon-Yates should be denied wherever it is legally possible to deny them.

The people of Memphis have spoken and say they do not desire Dixon-Yates power. They go further and say they will locally raise the money to build their own steam plant to generate their own power before they will buy from Dixon-Yates.

To me, this issue ultimately resolves itself into one of economics. Our Government has a huge investment in power facilities in the Tennessee Valley. That investment runs more than $1½ billion. That investment should be preserved and protected for the benefit of the people of the United States of America. If the Congress of the United States will allow TVA to adequately serve the people in its area, the investment will be protected. The money spent by the Government should be repaid. It is being repaid at a satisfactory rate now. Eventually, the TVA power generating and distributing system will have paid for itself, and the people of the United States will own the system, and it can continue to serve as a yardstick for electric power rates.

Also, it should be borne in mind that TVA has trained personnel. Their training and experience came from building 20 dams and 8 steam plants.

TVA personnel are not only trained in building power facilities; they are trained in operating the system and in distributing the power which the system generates. The power needs of the area served by TVA are growing at the rate of 12 percent per year.

The steam plant at Pride, Ala., now consists of 4 large generating units. Very soon this plant should be expanded to 10 generating units in order to furnish the area the power it needs. About 60 to 100 miles south of the Pride generators lies the great Warrior coalfield, which has of recent years been smitten with unemployment and the misery and want that goes with unemployment.

Right now the TVA is engaged in building rail coal-unloading facilities at the Pride steam plant so that Alabama coal may move to that plant over the railroads that reach into the Warrior coalfield. The prospective purchases of coal by TVA from the Warrior coalfield in the Seventh Congressional District will mean much in the rebuilding of the coal industry into a strong component of the economy of the entire area.

When the time comes to build the additional generating units at the Pride plant, I hope the Congress will not take the position that it has heretofore taken about the building of the other steam plants, including the Fulton plant, that must be built if TVA is to adequately serve the people of the Tennessee Valley with electric power.

The President of the United States, while a candidate for that office in 1952, told the people of the Tennessee Valley when he sought their votes, in effect, that he would be for the maintenance and operation of the TVA at "maximum efficiency." It is my judgment that maximum efficiency cannot be attained or accomplished by the Dixon-Yates approach.

Let us kill the Phillips amendment. Let us kill the Dixon-Yates proposal. Let us keep faith with the people of the Tennessee Valley and allow TVA to generate the power necessary to meet their needs.

The CHAIRMAN. The gentleman from Maryland [Mr. HYDE] is recognized for 2 minutes.

Mr. HYDE. Mr. Chairman, the issue before the House here by this motion is the fundamental issue of our times. I would hope this issue would transcend all party lines; whether or not it does, will be indicated by the vote here today. We would not have the issue about which I am speaking, if this were merely a matter of the development of hydroelectric power on navigable streams. But that is not the question here today; the question here today, of course, is the extension of and the reliance upon the powers and purse of the Federal Government for doing those things which we as individuals can do better for ourselves. The issue, I have said, is the fundamental issue of our times.

The issue is the question of what message America is going to carry to the rest of the world in its battle against the socialistic state. Is the message of America going to be that we place our trust and faith in the social individual and not in the socialistic state? That is the issue before this House, and it will be decided by our vote here today.

I was delighted to hear the gentleman from Tennessee say that Memphis as the result of the controversy here today was going to construct its own powerplant. If nothing else comes out of this debate and discussion that would be primarily an important and salutary benefit, an indication of what the people can do for themselves in these matters.

This is an attempt, Mr. Chairman, of the Federal Government trying to do for the people that which the people can do better for themselves.

The CHAIRMAN. The gentleman from California [Mr. SISK] is recognized for 2 minutes.

(By unanimous consent, Mr. SISK yielded his time to Mr. ABERNETHY).

The CHAIRMAN. The gentleman from Mississippi [Mr. ABERNETHY] is recognized for 4 minutes.

Mr. ABERNETHY. Mr. Chairman, I doubt very seriously that there will be a single vote changed by the debate that will take place between now and 1:30. The temper of the House indicates that the Members have made up their minds. Even so, and in the very short time allotted me, I would like to make a few observations which may be of help now as well as in the future.

Since early in 1953 this has been a heated issue, with temperatures rising higher and higher with each session of the Congress. It is dividing the Members of the House, it is dividing the States, it is dividing the people, and it is dividing the country. It is creating a sectionalism which is not helping anyone. It is creating jealousies and, I might say, some ill feelings which I know is not helping anyone.

I believe that if the people of the valley, and of the city of Memphis in particular, had ever anticipated that this would be the policy of the party which is in control in the White House they would never have given to Candidate Eisenhower the vote which they did in 1952. Both he and the leadership of his party, without exception, never once left the impression that they would make war on TVA, the people of the valley, or their rising economy. Neither he nor his leaders dared make the false charge that the people of the valley were receiving power from a socialized agency. On the contrary, they complimented TVA at every hand.

Neither he nor his leaders ever referred to TVA as a subsidized agency nor did they charge or infer that the patrons of the TVA were the benefactors of socialized subsidized power as they now do.

Neither did he nor did his leaders once complain, as they do now, that a little industry was going up in the valley which in turn has raised the standard of living down there from one of utter poverty to that of reasonable prosperity. We thought that they were happy in our progress. We did not know, and certainly never once dreamed that they objected to it. We know better now, but many of the voters down there had to find out the hard way. This also applies to some of the Tennessee Valley press, which, as supporters of the Republican ticket, confidently predicted that TVA would be safe and secure under a Republican administration. Sometimes we have to learn the hard way, and there are those in the valley who have learned in just such a manner.

This amendment ought to be defeated and I hope it will. If the Republicans, including Eisenhower, meant what they said in 1952, it will fail. If it does not, then I hope you will at least support another proposal for the TVA which will be before the Congress in the not too distant future.

Not so long ago the President requested the Tennessee Valley Authority to submit a plan and program to the administration which would permit the Tennessee Valley Authority to operate within its own revenues, under its own "steam," so to speak.

After many months of study a plan was developed and submitted to the Bureau of the Budget. It had the support of the Chairman of the Tennessee Valley Board, who is an appointee of the President. It also had the support of the two other members of the Board, who are holdovers from previous administrations.

Mr. Chairman, I think that the administration and this Congress should, if this amendment is adopted, accept that plan in every detail. I hope the administration and this Congress will not pick at it, duck, dodge, and flinch over it as they have everything else that has been brought here in behalf of TVA since January of 1953. Least of all, the President and Congress should accept it. If they will, and they ought to, it will probably eliminate the ill feelings which I referred to a moment ago, it will eliminate the sectionalism, it will eliminate the jealousies, and it will eliminate the politics being played in connection with this issue year after year. I think that it is the least this administration can do, more especially since its candidate appeared on the platform in a speech in Memphis, Tenn., on October 15, 1952, and, with a straight face, assured the people of the Tennessee Valley that he was not only their friend but that he actually approved of the TVA and promised not to do anything that would impair its efficiency or its operation.

But whether this plan is accepted or not, this amendment ought to be defeated. I hope it will be.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, the President of the United States is not doing anything to impair the efficiency of the TVA. All he is trying to do is to make the revenues that it produces, just as he said, carry the costs involved.

Mr. Chairman, I have here a yardstick. This part represents the amount of taxes that they do not pay that other folks in the business have to pay. That part represents the amount of interest that other folks in the business have to pay and that they do not pay. What is left comes down to just about a quarter of an inch over 20 inches. In other words they pay two-thirds of the cost of what they should pay and that other folks have to pay. That is the kind of yardstick the Tennessee Valley is on rates.

If I lived in that territory I would want the picture put on a basis where it was fair to the rest of the country and the rest of the business of the country, so that you could get somewhere and have the respect of people outside of the particular territory.

Now, Mr. Chairman, the only way that we can start that ball rolling is to stop building more steam plants and to adopt the Phillips amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. PRICE].

Mr. PRICE. Mr. Chairman, I will not take the full time allotted to me, but I would like to make this statement. There may be many who will support this amendment under the misapprehension that on the one side the Federal Government will receive taxes from the Dixon-Yates project and on the other side there will be no taxes coming to the Federal Government. I would like to bring out the fact that Dixon-Yates will not pay one dime of taxes to the Federal Government. As a matter of fact, the contract with the Atomic Energy Commission calls for the Atomic Energy Commission to pay the taxes for the Dixon-Yates project. There is no question of subsidy in this matter. If there is a subsidy, it is a subsidy to Dixon-Yates and not to the TVA.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. ARENDS].

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. Mr. Chairman, if it is proper, I ask unanimous consent to yield the time allotted

me to the gentleman from Illinois [Mr. ARENDS].

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. ARENDS. Mr. Chairman, this pending public works appropriation bill as reported by the committee brings into sharp focus, and into direct issue, a fundamental principle of government.

It is not simply TVA, nor TVA's future as an established agency of Government, that is involved here. The continued existence of TVA is not in question. That is more or less assured, whether we like it or not.

The issue we are called upon to resolve is much more basic. The basic issue is whether, as a matter of national policy, we shall promote Federal public power rather than private enterprise. It is essentially a question whether we believe in socialism or whether we believe in our American system of free, private enterprise. To this fundamental issue all this talk about costs, rates, interest, and taxes is it seems to me superfluous.

I think one of our colleagues in the other body accurately described this whole TVA matter during the debate on this subject last year when he said:

> In my opinion TVA was conceived in the minds of socialistic planners, born in a period of economic distress, and nurtured and expanded in deceit.

In 1944, over 10 years ago, Norman Thomas, the former Socialist candidate for President of the United States, and who should be, if anyone is, an expert on socialism, said this about TVA:

> The TVA exemplifies what socialism might be and the technique it would use in the process.

That's the basic issue: do we or do we not want socialism? Is it a proper function of the Federal Government to subsidize, to own and to operate, public power projects? Or is this something which private enterprise should undertake when private enterprise is both willing and able to do so? Are the people of my home State of Illinois to be required to finance cheap power for certain other sections of the country when private enterprise can do the same job?

And let me say this for the people of Illinois: We are willing to help with tax dollars earned from the sweat of our brows to develop any project which will serve the national interest and where it can only be developed by Federal funds. But we are not willing to have our tax dollars used for projects that can be developed without Federal aid and control—where private enterprise can do the job, both better and cheaper, and with returns to the country as a whole, not only with the improvements but also in taxes.

The Socialist candidate for President, Norman Thomas, referred not only to TVA as an example of socialism but also to the technique used in getting it into effect. Just as TVA is an outstanding example of socialism, it is also an outstanding example of the technique to be used in the process.

TVA was initiated by the New Deal for the ostensible purpose of controlling floods and improving navigation. That was a worthy purpose, but it was not its real purpose. With the authorization and appropriation of funds for navigation and flood control, it was then argued that the hydroelectric power potential from these dams should be harnessed and made available to the people of the area. And so, still more funds were appropriated for this purpose.

Then came the next, or third step, in this admittedly clever technique. It was next argued that the TVA should be given funds to erect steam plants. Great emphasis was placed on the necessity of having utility steam plants to firm up, as they called it, the power supplied by the hydroelectric dams and plants.

And so, year after year, for over a period of approximately 20 years, the Congress has been asked to appropriate funds for more and more steam plants, always to firm up and always to meet a larger demand in the ever expanding area for more and more electric power. The result is that the American people have around $2 billion invested in what is now a vast Government power monopoly.

TVA is not a flood-control project. It is not a hydroelectric power project as incidental to flood control. It is now, nothing more or less, than a vast Federal power project, with approximately 70 percent of the power produced by steam plants and only 30 percent produced by the dams.

It is time we called a halt to this expansion of TVA once and for all time. The Congress decided this on three previous occasions when we refused to appropriate funds for another proposed steam plant. Notwithstanding, the Federal public power advocates, the socialistic power planners, again ask funds for still another steam plant for TVA. The President, on the other hand, has taken steps to allow private enterprise, rather than the Federal Government and all taxpayers in the country, to defray the costs of such additional power as is necessary. He does not ask that TVA be destroyed. He simply asks that we call a definite halt to this Federal encroachment, year after year, into fields rightfully belonging to private enterprise. He simply asks that instead of spending money out of the Federal Treasury that we pursue that course which will bring money into the Federal Treasury. And that's the Dixon-Yates contract.

Why all this furor about the Dixon-Yates contract? It is a mere smoke screen. It is merely a part of the technique, of which Norman Thomas frankly spoke, as to how the public power advocates operate and how to advance socialism. We have witnessed a bold and deliberate campaign of misrepresentation with respect to the Dixon-Yates contract.

Now, let us look at the facts. Let us have the truth. Let us look behind this smokescreen.

To try to discredit the Dixon-Yates contract in the public mind, the public power advocates have tried to make it appear that there was favoritism and possible corruption in the contract award. Among other things, they point to the fact that the contract was entered into without competitive bids. What nonsense.

When you seek electric power at a particular place, you go to the companies furnishing power in the general area. And that was done in this case. Dixon-Yates represented the only companies which could best supply the power the Government needs, backed up with integrated power systems in the vicinity, and able thereby to firm up the supply to the Government and find new markets for any power the Atomic Energy Commission may not need.

The fact is that it is standard practice for the Government to negotiate contracts for electric power rather than through competitive bidding. In 1950 and 1952, under President Truman, the Atomic Energy Commission signed contracts with two groups of private electric power companies for electricity to be supplied to the atomic plants at Paducah, Ky., and Portsmouth, Ohio. These contracts involved much larger capital investments than the Dixon-Yates. They called for a power supply of 2,535,000 kilowatts as compared to 600,000 in the Dixon-Yates contract.

Those contracts were negotiated. There was no competitive bidding. There was nothing wrong with that, and there is nothing wrong with the Dixon-Yates contract.

Now, take another misrepresentation that has been deliberately and unfairly made by the public power advocates with respect to the Dixon-Yates contract. An attempt has been made to convince the people that somehow Dixon-Yates persuaded the AEC to allow itself to be overcharged for the electricity.

What are the facts? The fact is that the rate to be charged under the Dixon-Yates contract is less than that charged under the two contracts negotiated by the Truman administration. The rate under the Dixon-Yates contract is 3.55 mills per kilowatt hour. That for the power at Portsmouth, Ohio is 3.79 mills per kilowatt hour and 3.83 mills at Paducah, Ky.

Those are the cold facts. All this talk about excessive costs and overcharges in the Dixon-Yates proposal is nothing more or less than a deliberate misrepresentation to advance Federal public power in lieu of private power.

And there is a third deliberate misrepresentation that has been made with respect to the Dixon-Yates contract. It has been charged that under the contract the companies are guaranteed a 9-percent profit on their investment. The plain fact is that there is no guaranty at all. The plain fact is that the companies take the major risks. There is no guaranty of earnings, but there is a limitation on how much can be earned. If the undertaking should prove successful, the maximum return the companies can have is less than 4 percent on the total investment. If any savings are realized through efficient management and lower costs, those savings are to be shared with the Government.

Mr. Chairman, the real issue here is not the Dixon-Yates contract. The issue is between Federal public power and private power. I urge that we vote to strike from this bill the appropriation of $6,500,000 for the TVA to begin construction of another steam plant. It is time we stop subsidizing this vast Government power monopoly. It is time that TVA be put on a realistic basis, that it be obliged to pay taxes like every other power company, that it pay interest on the approximately $2 billion invested there, and that it realistically discharge its capital indebtedness.

A vote for this amendment to delete this provision is a vote for private enterprise. A vote against it is a vote for public power and socialism. That is the fundamental principle involved here.

The CHAIRMAN. The Chair recognizes the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, I am very sorry that I am not able to go along with my southern friends on this particular project. My people would have to be so severely taxed for the Federal expense involved in this project. They are now losing a great deal of industry to the South for various reasons with resultant unemployment and it would be adding insult to injury if I voted for this which would more heavily burden them and mean more industry going to the South and put more people out of work.

Mr. Chairman, I yield the balance of my time to the gentleman from Indiana [Mr. HALLECK].

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. AYRES].

Mr. AYRES. Mr. Chairman, we have heard a lot of discussion here today about power. I thought it might be advisable to clarify what we are talking about from a technical point of view.

Seven hundred and fifty watts equal one horsepower. A horsepower is the amount of energy required to raise 1 pound 1 foot. Then we have B. t. u.'s—a B. t. u. is the amount of heat required to raise 1 pound of water 1 degree Fahrenheit.

The amount of energy that can be bought in the Tennessee Valley area is what is ruining industry in many of our northern areas. In fact, you can fire a 20-gallon still in the hills of Tennessee with a 30,000-British-thermal-units hotplate easier and cheaper than you can hire someone back in the woods to do it.

If you are going to continue to permit this cheap power, you are not going to have very many of your major industries left in the northern cities.

There are two things that are most costly in manufacturing. They are labor and raw materials for one and the other is the cost of power.

With cheap labor in many places in the southern areas, coupled with cheap power, you are going to find the Congress of the United States in voting appropriations to increase cheap power in that area, putting us in the position of making an inducement to northern businessmen to take jobs away from those who are now employed in northern factories.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield.

Mr. JOHNSON of California. Has that migration been so effective already? Are they now migrating to the South?

Mr. AYRES. Most of your unemployment in northern areas is attributed by the businessmen themselves to that fact. They say that they can get cheaper labor and cheaper power by going out of the North.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from California [Mr. MOSS].

Mr. MOSS. Mr. Chairman, I think it is time that we recognized that the issue here is not a new one. Perhaps it comes in different clothing, but stripped of its garments, it is basically as it has always been. The question is not whether in this specific instance a preference is going to be given to the TVA area. Whether this specific project is justified or not, the important question is the policy of attempting to destroy the TVA yardstick which has benefited not only the TVA communities but has benefited this entire Nation.

I come from California. I am confident that we have benefited because of the pattern which has been established on rates in the TVA area. We do not fear that we are going to lose our industry to that area. I think fear is a very poor excuse for directing the thinking of men. We can expand our economy in this Nation, North, South, East, and West, if we meet the problems of expansion.

No; this policy must be taken in context with other policies emerging in this administration which would destroy not only TVA, not only the REA's, but public power wherever it might exist. That is the issue that faces the House at this moment. There will always be new approaches, new methods, new lines of attack, but the objective never, never changes. I doubt that it ever will. Recognizing that that is the real issue, I think we should stop trying to kid ourselves or anyone else.

The CHAIRMAN. The Chair recognizes the gentleman from Maine [Mr. NELSON].

Mr. NELSON. Mr. Chairman, the gentleman from Tennessee [Mr. DAVIS] has stated that this is an issue which vitally affects the economy of his district. This is an issue which not only vitally affects my district and the whole of New England right now but has vitally affected it for some years past by draining off much of our industry and many of our workingmen's jobs.

For some time now I have been a member of a congressional committee from New England which is completely nonpartisan, consisting as it does of both Democrats and Republicans. This committee has been deeply interested in getting the national minimum wage increased to over one dollar, and in procuring the outright repeal of the Fulbright amendment to the Walsh-Healey act. This committee is deeply interested in accomplishing these purposes so that New England labor, which has an extremely high pay scale both in take-home pay and in fringe benefits, especially in the cotton textile industry, can fairly compete with the low wage rates paid in the South. They believe this is fair and equitable on the premise that whereas competition is good, competition at the expense of the workingman, competition at the expense of paying low wages, is not justified in the United States.

We are deeply interested in accomplishing these two purposes because we feel that only by the establishment of an adequate minimum wage in excess of $1 can the right of collective bargaining, now fully recognized by law, be realized to the fullest extent by the workingman.

In Southern States now, a policy which prevents the organization of workingmen and a policy which pays low-wage scales is completely negativing the right to collective bargaining and gradually forcing those employers in the North who wish to and do pay adequate wages out of business.

Now we come to the issue presented by the pending amendment. The issue is simply this: Shall we take from the pockets of the workingmen in my district and the pockets of workingmen all over New England and in other sections of this country $100 million in taxes in order to pay for a steam plant in the Tennessee Valley Authority area to produce at their expense power sold below cost of production which will result in the moving of industry to that area and the loss of the jobs of the workingmen in my State who have to pay to build it?

I say to my friends from New England that it is futile to increase the minimum wage if at the same time you vote for such a bill as this which allows the Federal Government to provide cheap power at the expense of your taxpayers, cheap power that robs your workingmen of their jobs.

We in Maine have no objections to the development of a natural resource. This section which has a geographical formation which can be converted into waterpower is indeed fortunate. Where private utilities cannot develop it, certainly the Federal Government should. But we do most strenuously object to asking our workingmen to pay in taxes for building an artificial steam plant to produce low-cost power which ultimately results in taking away their jobs.

I appeal as strongly as I know how to the New England members not to pat their workingmen on the back by increasing the minimum wage with one hand and pick their pockets by using their dollars to produce cheap power in the South with the other.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. JENNINGS].

(By unanimous consent, Mr. JENNINGS was given permission to yield the time allotted to him to Mr. RABAUT.)

Mr. JENNINGS. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. JENNINGS. Mr. Chairman, the people of the Ninth Congressional District of Virginia, particularly the farmers, have considerable interest in the Tennessee Valley Authority. I appear here today to speak for our farmers who have benefited greatly from one of the TVA operations—the test-demonstration farm program and the research and development of fertilizer for farms of the Tennessee Valley and the Nation.

I wish to discuss only one or two phases of the TVA operation. My people are very much aware of the benefits that have come to their Tennessee Valley neighbors from TVA; they are also aware of the need for the TVA's fertilizer program to continue and not be crippled by a reduction in operating funds.

We are all aware of the accomplishments of the TVA over the years since it was started in the 1930's. I might point out that by stabilizing the flow of the Tennessee River system, controlling its floods, creating a channel for navigation, and providing a pool of electricity, and by vigorously promoting a soil and forest-rehabilitation program, the TVA furnishes the Tennessee Valley region with the fundamental tools needed to create a balanced economy so that jobs may become more abundant, income to the individual increased and made more secure, and destructive forces nullified.

Because of TVA's accomplishments, the climate for private initiative in the valley region is healthier and more vigorous, and benefits accrue to farm and factory, to individual and industrial management. The effect of this unique resource development program is felt far beyond the borders of the region in which most of its activities are located.

One far-reaching and important contribution that TVA has made to the economy of the region, and to the country, centers about its fertilizer-munitions development work. TVA's research and development of new fertilizer materials is bringing down the cost of essential mineral fertilizers to the farmer and is supplying valuable data to the fertilizer industry. Its high analysis products are being tested at experiment stations, and on practical farms.

Since 1935 TVA fertilizers have been the core of a revitalized farm program in the Tennessee Valley, and over the Nation. In that year the first of the now famous test-demonstration farms was set up. These farms are privately owned and operated. The tests undertaken are designed to assess the economic value of mineral fertilizers in a carefully worked out farm program. Administration of the program is in the hands of the State extension services. To become a test demonstrator the farmer must agree to use specified amounts of fertilizers, to carry out the recommendations of the extension service, and to open his farm and his books to his neighbors for their observation.

The peak year of this program in Virginia was 1946. In that year the number of farms participating was 3,888, of which slightly more than 3,000 were in the valley portion of Virginia, and the remaining in other sections of the State. The effectiveness of the program in the State is high, even though the number of active farms has decreased, because of budget reductions. Farmers in the program obtain their TVA fertilizer at reduced prices, because they must expend a considerable amount of money over and above the fertilizer cost when carrying out the extension service's recommendations. One of the strong features of this demonstration is the effect the results have on nonparticipating farmers. The demonstrations have proved the economy of increased amounts of fertilizers, wisely used. This has been an important factor in the greatly increased use of commercial fertilizers, purchased through regular dealer channels. For instance, in 1934 a total of 336,000 tons of fertilizers were bought from private producers and used in Virginia. By 1953, the farmers of the State were purchasing 853,433 tons. The TVA program had not only helped the private enterprise of farming, but the fertilizer industry too.

Now, only a small portion of TVA's fertilizer output is used by these test-demonstration farmers; most of it is sold through regular dealers and cooperatives in an educational sales program. These dealers cannot sell the fertilizer on a "first come, first served" basis. They must agree to sell the materials only for certain recommended uses. The goal of this educational sales program is more efficient use of fertilizer materials at less cost to the farmer.

An outstanding job along these lines is being done by the Southwest Virginia Cooperative. The cooperative works closely with the land-grant colleges, the TVA, and agencies of the United States Department of Agriculture, and is in constant communication with local managers and farmers. The Southwest Virginia Cooperative has pioneered in the use of TVA high-analysis materials for hay and pasture crops—practices recommended by the colleges but not generally adopted by the farmers up to this time. It has a full-time educational specialist working with groups of farmers, as well as individual farmers and dealers.

In addition to fertilizer research and production, the chemical plants operated by TVA at Muscle Shoals are engaged in defense work—in fact half the efforts of the TVA chemical program are currently expended for that purpose.

With more than half of the valley's land area in timber, the proper handling of this resource is essential to a sound and stable economy. The valley's forest resources were once the greatest of their kind in the Nation. Slowly they are coming back as the result of a vigorous forestry program carried on by TVA in cooperation with other agencies, Federal and State, with industry, and with individuals. Thousands of acres are being voluntarily placed by their private owners under a sustained yield management plan designed to create, and maintain, a continuing supply of timber. The present estimated value of the valley's forest resource is $350 million a year; the goal of a billion dollars a year is possible. About 225,000 acres of land in the valley have been reforested with TVA seedlings, including 11,000 in Virginia. TVA's first reforestation agreement with any valley State was with Virginia. TVA's forest-fire control demonstrations had their inception in the valley in Virginia, and two of the largest forest management demonstrations in which TVA has participated, covering more than 135,000 acres, are located in southwest Virginia.

Another example of the way in which TVA's operations are stimulating private business is provided by the purchases of coal for the new steam plants TVA is constructing to meet the ever-mounting demand for electricity. The John Sevier steam plant, in east Tennessee, is close to Virginia and has provided a new market for Virginia coal. As soon as TVA started stockpiling for this plant it began to purchase Virginia coal. Thus far this year it has ordered more than 320,000 tons, valued at more than $1,100,000. These purchases and others to follow will be of great value to Virginia's coal operators and miners.

In the valley region the per capita income was only 44 percent of that of the Nation when TVA began operations. Now it is 61 percent of that of the country as a whole. These figures mean that the region has a long way to go to be on equal terms with other regions, but it is making progress. It has new and better tools to use.

I have digressed briefly, to discuss the benefits derived from TVA in connection with our Virginia forests and coal production. Let me get back to the fertilizer and test-demonstration program with this final statement.

As I pointed out above, one of the most significant achievements of the test-demonstration program to date has been the spread of the demonstrators' practices to other farms. For example, during the past year the test-demonstrators in the State reported that over 2,000 other farmers had adopted certain improved practices as direct results of seeing what was being accomplished on their farms. Also, one of the outstanding results of the joint program has been the change in attitude of most of the farmers—a definite sense of stewardship to the land, and an increased interest in the welfare of their neighbors and fellow men.

The test-demonstration program has been of real educational and economic value to the people of Virginia from the standpoint of soil and water conservation, improved fertility, increased production, income, and standard of living. Hills formerly bare and scarred by erosion are green with luxuriant sods and streams that became muddy after hard rains now run clear.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. BOYLE].

Mr. BOYLE. Mr. Chairman, I have heard much calculated to incite the imagination of the Congress trying to make this a tournament and trying to throw into the open lists that much litigated and much controverted question of public against private ownership. But clear thinking depends on the ability to recognize distinction in things that might be confused and confounded. The attempt to recognize distinctions that admit of no formal distinction can be assailed on the ground that it is be-

fuddled thinking or dishonest thinking. The question here, today resolves itself on—what did the United States of America acquire on behalf of the public weal, the common weal, the people, when in 1939 the United States acquired the physical properties of Commonwealth & Southern, the electrical company, in the Tennessee Valley. I think they bought the physical properties and the right to sell electricity in the name of all the people, and coupled with that acquisition was the perfect right to exploit those properties which they acquired. I think to tie their hands now by saying they do not have a right to feed electrically the demands of that territory is not right. I think, as a matter of fact, it is about time that people started to lobby for the people. Although I do not have so much of a real stake in this bill geographically, it represents to me compounding last years giveaway and I am against the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. ALGER].

Mr. ALGER. Mr. Chairman, I would like to assure the Members of the House that there are many people in Texas, lest my silence be misconstrued, who do not believe it is within the province of the Federal Government to develop power. But, not just to be critical, I have a practical solution which I shall put in the RECORD, and which I submit to you at this time: That we sell the TVA to the people in that area. I can think of no finer solution to the dilemma we are talking of now. I see no need for further appropriations of money for additional Federal power development.

It is conceivable that a Federal Government representing 48 States might legitimately concern itself in specific instances of flood control, navigation, and land reclamation.

The development of power, however, is not the prerogative of Federal Government. It is unconstitutional. Our forefathers believed in freedom; this includes economic freedom. Public power, by definition, is a form of socialism and no oratory can conceal or change it. This is further demonstrated by other functions of TVA, as, for example, the manufacture of fertilizer in competition with private business. This and more form a tax- and interest-free Government operation, originally intended as a flood-control measure.

Why should each family in Dallas and elsewhere in the United States support thousands of families in the Tennessee Valley in heating their homes luxuriously with electricity? We should not. But we do because our tax money is being poured into the TVA to subsidize and make possible their low power rate.

There is no such thing as a TVA "yardstick" of power rate. The hundreds of millions in interest and taxes not paid by the TVA as compared with private industry distorts any such measurement feature as would a "26-inch" yardstick. There is no TVA "policeman" for private power industry, only a parasite living off the tax money of the Nation's citizens.

Those who point out that private power business can flourish fail to realize that private enterprise absolutely cannot compete with Government nor was it ever so intended by our forefathers who wrote the Constitution.

Private enterprise to survive must be self-supporting and self-liquidating. Public power is not. TVA paid $29,500,000, which is 4.3 percent of gross income in lieu of taxes, whereas private enterprise paid $148 million, which is a 21 percent average. The loss, therefore, to the Government was $118 million in this instance alone, a loss which we taxpayers must pay. Further, a large sum is lost to the Government on the interest on the Federal money investment and the loss will increase as the TVA expands.

There is no praise which has been or can be given the TVA for a job well done that could not be accorded to private enterprise if this area were privately developed. The inequities created by the TVA only shows in sharper contrast that the basic American belief in free enterprise is right and good.

So what is the solution to the problem posed by the TVA—the best answer for the country as a whole and for the residents in the TVA area—the solution is one advocated by a resident of Memphis, Tenn., which I endorse and is simply this: Sell the power generating facilities to the people in the area it serves. By this one stroke we would accomplish these great objectives:

First. Reverse one of the biggest socialistic steps the United States has ever taken.

Second. Lift TVA off the backs of the Nation's taxpayers—as it has been with respect to (a) its demands for capital funds and (b) its nontaxpaying status, though a producing enterprise.

Third. Get the ownership of TVA truly in the hands of the people—and they would be the people most concerned—with control of the vast project at home.

Fourth. Give to TVA the dynamism and flexibility of private enterprise, with an ownership truly alert and responsive to power needs.

Fifth. Eliminate the tyranny, abuse, and graft of politics to which an institution like TVA is so subject.

Sixth. Stop the threat of a power shortage that constantly hangs over the TVA region because of dependence upon Congress for growth funds.

The legislative processes to bring into being this new TVA need not be labyrinthine. They might well lead to the following steps:

First. Empowering TVA to issue bonds, debentures, preferred and common stock for private sale—in the order noted below—specifying that the United States Treasury shall be the ultimate recipient of all securities sales proceeds.

Second. Sale of the senior securities first, in proportions that are for a public utility of that type.

Third. Sale of the common stock, to be offered first to individuals residing in the TVA region. The equity would probably not be too large, after step 2 is taken, for the TVA region residents to take all of the stock. They would be allowed to purchase for cash, exchange for United States bonds, or pay by installments.

Fourth. Election of board members by the new owners and complete divorce of TVA from the United States Government. The cognizant State regulatory bodies would take over regulation, and from them must be obtained prior agreements to allow rates to go to proper economic levels.

Could any American dedicated to basic principles ask for a better TVA?

The CHAIRMAN. The Chair recognizes the gentleman from Maryland [Mr. MILLER].

Mr. MILLER of Maryland. Mr. Chairman, I am very much in favor of the Phillips amendment. It seems to me that we should take no other action at this time regardless of one's position on public power. We have often heard criticism of legislation in an appropriation measure. Those of us who are on the Committee on Appropriations are somewhat sensitive on that point. Certainly, this is no place to change a major feature of national policy. Certainly, if the trends of recent years indicate anything, the countries of the free world have been moving toward getting Government out of business rather than increasing Federal participation and Government ownership of utilities. Here in one section of an appropriation bill we are attempting to cover ground which recently occupied the attention of the entire British Isles in a major national election. This is no place to decide whether we are going to turn the clock back to where the Government will increasingly compete with private enterprise or whether we are going to try to get out of that mess as the British have been trying of late to do. It is also improper, in my opinion, to decide matters of this importance on the basis of local self-interest but surely, as a Representative of this part of the country, I would be false in my duty to my constituents to vote without hesitation for a measure that would prevent an annual tax saving, as I am told, to the taxpayers of my State and the District of Columbia in the amount of $2,880,000. It appears that the taxpayers of that area have already contributed through Federal taxes $44 million for this TVA power project. I think that is going far enough. Certainly, we do not want to perpetuate it here as an annex to an appropriation bill on the rosy statements of those who say we have made a good investment, because persons in the Tennessee Valley are now in a position to buy more of our goods and services.

I am not alarmed at the threat that the great city of Memphis may be constrained to build its own powerplant. My fine little hometown did just that years ago and its citizens can look the whole world in the face and say that even if the electric rate is not as low as some—the system is their own and pays its own way.

(By unanimous consent, Mr. PHILBIN of Massachusetts was given permission to yield the time allotted him to Mr. RABAUT.)

The CHAIRMAN. The gentleman from North Dakota [Mr. BURDICK] is recognized.

Mr. BURDICK. Mr. Chairman, a few years ago this country could think of nothing but hydroelectric power. I am saying to you this afternoon that 20

years from now that will be as extinct as the old livery barn is today. If you want to kill TVA today, one of the best ways to do it is to refuse this appropriation for steam. I know that it cannot exist without steam. I know that no electric power dam in the United States can exist without steam. In my section of the country, where we are living on 600 billion tons of coal, we are building a hydroelectric dam, when everybody knows that within 6 months after they begin operation they will be in here asking for money to build steam plants.

I am not in favor of dissolving the TVA. It has done a lot of good. It was the beginning of cheaper power rates in the United States. I am not going to kill it by refusing appropriations for steam plants, because they will be back here next year and the year after asking for money for steam. Seventy percent of the power produced today is created by steam. Twenty years from now 90 percent of it will be created by steam. It is a good thing, because there were 600 million tons of bituminous coal produced 10 years ago, but last year only 400 million tons were produced. They say coal is on the way out. It is not. Coal is on the way in, and in creating electric power the time will come when this power will be created by something entirely different. Hydroelectric will disappear. Coal will disappear but atomic energy will take the place of both.

The CHAIRMAN. The gentleman from Wisconsin [Mr. JOHNSON] is recognized.

Mr. JOHNSON of Wisconsin. Mr. Chairman, ever since the TVA and rural electrification program was established there has been a constant and consistent effort to undermine, hamstring, and torpedo the programs. The power trust, which was never interested in the past in bringing electricity of rural America, has exploited every propaganda device to confuse the public.

In some instances the power trust propagandists have tried to divide the citizens on sectional issues. Projects in one part of the Nation are smeared in another section of the country with the innuendo that the people in the area not affected are paying for someone else's benefits. This is the old strategy of divide and conquer.

I know that this propaganda technique has been used because I have studied it in my district and in my State. Fortunately, the majority of citizens in my district have not been completely taken in by this propaganda line. It so happens that we have thousands of rural customers—primarily farmers—in the Ninth Wisconsin District who know something about the benefits of REA. This explains, in part, why the REA customers in my district look with distrust on power trust tactics.

My district is very well served by 10 REA cooperatives. However, we know that other areas need funds to enjoy the same benefits and progress that we have enjoyed. The REA people in my district also know that when the program is being torpedoed in another part of the country that this is part of the "whittle-away" and "give-away" program. The Dixon-Yates "give-away" bill of goods engineered in the last session of Congress did not meet with approval in my district. Our REA people were well enough informed to see through the propaganda veil surrounding the Dixon-Yates deal.

For this reason, then, I support the committee's recommendations with respect to the TVA steam plant. I also favor appropriations for the Southwest Power Administration.

The CHAIRMAN. The gentleman from Illinois [Mr. VURSELL] is recognized.

Mr. VURSELL. Mr. Chairman, in my long years of service in the Congress I have come up against few issues which have been so misrepresented and even distorted as this so-called Dixon-Yates contract, the contract which we here today are about to violate if we refuse to grant $6,500,000 for this project.

Opponents of this contract imply—and sometimes even deliberately say—that there is something wrong with it, that it was hatched up in the scheming minds of money-mad businessmen who want something for nothing from the Government. Opponents, in fact, have made some serious charges in connection with this contract and I think they should be answered by chapter and verse, and not with bombast and oratory.

To begin with, this contract has been carefully scrutinized by these agencies of the Government—carefully studied, mind you, for more than a year and approved—the Atomic Energy Commission, the Bureau of the Budget, the Federal Power Commission, the Department of Justice, the Comptroller General, and the Securities and Exchange Commission.

The issue is really simple. This is nothing more than a showdown fight between public and private power advocates and in the fight the justice of the Dixon-Yates contract has been smothered.

Before going into the details of the contract, I want to compliment opponents of the Dixon-Yates contract on the masterful propaganda job they have done in deceiving the public—which is more than I can say about the backers of the contract who seem to me to have been asleep at the switch. This may mark another day of triumph for the radicals, left-wingers, Socialists, and other groups who seek the further expansion of the Federal Government—those who seek the further growth of the Federal octopus which some day, if the growth continues, will economically choke us to death.

The Dixon-Yates contract has been signed and properly executed, and the wild charges and the loud noise in connection with it are nothing more than the backwash of public power advocates who are now trying to becloud the issue. What the public power gang has lost through the legal execution of this contract, they hope to win through wild and baseless charges. The ultimate goal of this group, of course, is the complete destruction of all private utilities. This bill does not impair the services of the TVA for which the Congress has already appropriated over $1 billion. Is it not a fact that 95 percent of the farms of America now have electric power and light and that there is nothing in this bill that will reduce or limit these services to the farmer? All Members of Congress will always see that the farmers have abundant light and power at reasonable rates.

Now, the truth is that the TVA cannot supply the power needed for AEC installations. The TVA admitted that 2 years ago. Of course, the TVA and its left-wing supporters would like to expand and supply this power but the Congress turned thumbs down on this proposal, first in 1953 and again last year.

In his budget message of January 20, 1954, President Eisenhower suggested that this power-shortage problem be handled by private utility companies. He was acting in line with precedent. And who set the precedent? The Democrats, of course.

In 1951, the AEC signed a contract with a private utility group to supply the AEC's installation at Paducah with power from a plant at Joppa, Ill. This plant, which is almost finished, will cost $195 million.

In 1952, the AEC needed additional power for its installation at Portsmouth, Ohio, and entered into a contract with 15 private utility companies to build a plant which will supply this power. The estimated cost of this project, when finished, is $388,420,000.

These two Democrat-sponsored projects will supply a total of 2,735,000 kilowatts, more than 4 times that of the Dixon-Yates contract—and at a cost of $583,420,000, or more than 5 times the cost of the Dixon-Yates project.

How is it that we did not hear the lamentations of the political bleeding hearts in 1951 and 1952. Not a voice was raised in protest against these contracts which, in fact, are exceedingly generous when compared with the Dixon-Yates contract. For instance, the Government will pay for its power from the Joppa plant at a rate based on the total construction costs on which there is no ceiling, while, for rate purposes, there is a ceiling on the construction costs of the Dixon-Yates plant at West Memphis, Ark.

Under terms of the Dixon-Yates contract, the Government's liability is frozen at one-half of any costs above the estimated cost of $107 million with a top ceiling of $117 million. In other words, the most the Government would contribute to construction costs would be about $5 million, but the Government also will buy its power from the West Memphis plant at a rate based on the fixed construction cost of $107 million.

On the other hand, if through unforeseen circumstances, such as bad weather or labor strikes, Dixon-Yates costs should jump to $130 million, the added costs, above the contract, would be borne by the participating companies, which will receive a yield on their investment based only on a construction cost of $107 million. It is clearly seen, therefore, that the Government is well protected against any runaway costs which would boost their power bill.

All major risks in the Dixon-Yates contract are assumed by the private utility companies and not by the Government. For instance, the Government can cancel this contract while the utilities have no cancellation rights. Another clause in the contract—which runs into almost 60 pages and is too long to read here—permits the Government to take over the Dixon-Yates plant at any time during the first 3 years of the contract period, upon payment of costs and obligations incurred by the company.

The Dixon-Yates group will put up $5,500,000 of equity risk capital, while the balance of over $100 million will be borrowed from banks and insurance companies—a further step in President Eisenhower's program to get the Federal Government out of services that can be performed more efficiently and at less cost by private enterprise.

One of the criticisms of this contract is the fact that it was negotiated—that is, that it was not open to competitive bidding—and here again we run into another mess of nonsense and deliberate falsifications of the issue. I am sure that Members of the House know—I am sure that the leftwingers and others making a furious assault on this contract know—that contracts for electric power are almost always negotiated. This is a normal common business practice and always has been. The TVA itself, when it needs additional power to meet its daily requirements, negotiates contracts with private power companies. Power can be bought only from companies serving areas where the purchased power is needed. Certainly it would not make sense to invite private utility companies in New York City to bid on the sale of power in Arkansas. You go to companies that operate in the area where you want the power. Dixon-Yates interests have operating companies in the areas where the AEC now is looking for power and they were the only logical company to supply this power, although one individual attempted to get the contract, but he was turned down when the AEC discovered that he had no experience in the power business and that his proposal lacked a ceiling on construction costs which would protect the Government against a bloated rate base.

We hear a lot about the money Dixon and Yates are going to make out of this contract. What are the facts here? The contract terms are very clear. There is no guaranteed return on investment. The maximum return on the overall investment is less than 4 percent, compared to 6 percent usually earned these days by utility companies. If construction costs run far above estimates, Mr. Dixon and Mr. Yates conceivably could suffer a great loss.

The phony fears of those who say the Government will be gouged by excessive charges for the power to be supplied by the Dixon-Yates plant at West Memphis are quickly exploded by this statement made by Lewis L. Strauss, AEC Chairman:

> The cost to the AEC for power would be at rates lower, on a comparable basis, than rates under existing contracts with TVA or other private utilities.

Maj. Gen. K. D. Nichols, as AEC General Manager, testified as follows before the Joint Congressional Committee on Atomic Energy in November last year:

> I consider it, and I have expressed it, that I believe this is the best contract that we have made, either with the TVA or private utility companies.

There we have the testimony and judgment of two highly responsible Government officials whose integrity is beyond question and who most assuredly place the public interest above the selfish gain of any private interest.

I repeat: This is a showdown fight between opposing forces over the comparative merits of public and private power. The Dixon-Yates contract is not the real issue here. The real issue is whether we are at long last going to come to grips with the vexing problem of the Federal Government performing services that could be better done by private business.

I wish I knew of some quick way of blasting out the political termites who are gnawing away at the free-enterprise system—the very keystone of our Government and our way of life. I wish, too, that those who favor socialism would come out in the open with their positions defended with honest argument and that they would not resort to trickery and deception such as they are doing in this issue. Mr. Dixon and Mr. Yates are the scapegoats of this political brawl, but they are not the real issue. The American people will not be fooled into believing that.

I would like to remind you, Mr. Chairman, that in 1951 under a different administration we set up Electric Energy, Inc., just across from Paducah, in Joppa, Ill., in my State. The plant is nearing completion and will cost about $195 million compared to $107 million necessary to build the Dixon-Yates powerplant.

Furthermore, the Democratic administration set another precedent when they agreed to spend $388,420,000 to build another atomic energy plant in the Ohio Valley.

The CHAIRMAN. The gentleman from California [Mr. HOLIFIELD] is recognized.

Mr. HOLIFIELD. Mr. Chairman, on Tuesday, July 6, 1954, I commented on some of the facets of the proposed contract which the AEC has been directed by the President to negotiate with the Dixon-Yates private-utility group for electrical energy to be transferred by the AEC to the Tennessee Valley Authority grid in the Memphis area.

I gave some of the legislative background and I believe that I established clearly that the legislation which was passed in August 1953 by the Congress, H. R. 4905, which is now section 12 (d) of the Atomic Energy Act of 1946, as amended, was passed for the following purposes:

(a) It gave the AEC the power to contract for electrical utility services for a period of 25 years.

(b) It limited the exercise of this power to the Oak Ridge, Portsmouth, and Paducah installations of the AEC and also provided that new contracts could be entered into by the AEC for expansion facilities at the three specifically named locations.

Comment: These two principles are clearly defined in the legislative language and sustained by the testimony of the then AEC General Manager, Mr. Boyer, before the Joint Atomic Energy Committee and by statements and questions of members of the committee during Mr. Boyer's presentation.

I described a few of the major provisions of this proposed contract yesterday in my remarks which appear in the CONGRESSIONAL RECORD, volume 100, part 7, pages 9866–67.

It is my purpose today to go into somewhat more detail regarding this proposed contract.

The President's budget message of January 21, 1954, gave as a reason for denying the TVA's budgetary request for an additional steam plant at the Fulton, Tenn., site, the following:

> In order to provide, with appropriate operating reserves, for reasonable growth in industrial, municipal, and cooperative power-loads in the area through the calendar year 1957, arrangements are being made to reduce, by the fall of 1957, existing commitments of the Tennessee Valley Authority to the Atomic Energy Commission by 500,000 to 600,000 kilowatts. This would release the equivalent amount of Tennessee Valley Authority generating capacity to meet increased load requirements of other consumers in the power system and at the same time eliminate the need for appropriating funds from the Treasury to finance additional generating units. In the event, however, that negotiations for furnishing these load requirements for the Atomic Energy Commission from other sources has not consummated as contemplated or new defense loads develop, the question of starting additional generating units by the Tennessee Valley Authority will be reconsidered.

I want you to note that the President made a clear statement that "arrangements are being made to reduce by the fall of 1957 existing commitments of the TVA to the Atomic Energy Commission by 500,000 to 600,000 kilowatts.

Sometime between the President's stated purpose and the testimony given by Mr. Nichols, the present General Manager of the AEC, before our committee on June 17, 1954, this purpose was lost by the wayside. Mr. Nichols testified, in part, as follows:

> We have proceeded on the basis that there would be no contract cancellation for a like portion of the AEC–TVA Paducah contract.

Likewise, in a letter dated April 15, 1954, from Chairman Lewis L. Strauss to Mr. Dodge, the then Director of the Bureau of the Budget, Mr. Strauss said:

> We have proceeded on the basis that there would be no contract cancellation for a like portion of the AEC-TVA Paducah contract.

This disposes of any argument that the Dixon-Yates electrical energy is to be used as a substitute or exchange or replacement for a reduction in the TVA's firm commitments to the AEC. If the President's originally stated purpose has been abandoned, it is pertinent to inquire as to what purpose the proposed contract is now supposed to fulfill.

That answer will be found by considering the terms of the contract.

In a letter dated June 16, 1954, the present Director of the Bureau of the Budget, Mr. Rowland Hughes, told Senator SALTONSTALL that the AEC was instructed "to proceed with the negotiation of a definitive contract" with the Dixon-Yates group.

The AEC and the TVA were also "instructed to work out the necessary interagency arrangements to assure the most favorable operation under the contract."

Under this clear directive of the President, the AEC Commissioners found themselves in a very embarrassing position. In testimony before the joint committee, Commissioner Henry D. Smyth, on behalf of himself and Commissioner Eugene Zuckert, objected to the proposed contract and read into the record a copy of their joint letter to Mr. Hughes stating that it was an "awkward and unbusinesslike" procedure. The text of the letter follows:

DEAR MR. HUGHES: On April 15, 1954, the Chairman of the Atomic Energy Commission, Mr. Strauss, sent you a letter outlining an analysis of the negotiations for certain power to be furnished by Middle South Utilities, Inc., and the Southern Co.

Under this proposal the Atomic Energy Commission contracting power would be used as a vehicle for the supply of 600,000 kilowatts of power in the Memphis area.

With the knowledge of the other members of the Commission, we are taking this opportunity to bring to your attention our personal view that the proposed action involves the AEC in a matter remote from its responsibilities. In an awkward and unbusinesslike way an additional Federal agency would be concerned in the power business.

The proposal under discussion is an outgrowth of the responsibility to the President's budget message under your letter of December 24, 1953, requesting the AEC to explore the possibility of reducing existing commitments of the TVA to the Commission. In the course of that exploration it was determined to be unwise to disturb the AEC arrangements with TVA upon which our production schedules depend. Since that determination, the explorations have taken a different course.

The present proposal would create a situation whereby the AEC would be contracting for power not 1 kilowatt of which would be used in connection with the Commission production activities. The creation of such a contractural relationship would place upon the Commission a continuing responsibility during the 25-year life of the contract for stewardship in respect to matters irrelevant to the mission of the Commission.

It has been our observation in Government administration that arrangements which are obviously incongruous at the outset tend to become even less clearcut because no one can foresee what contingencies may arise over a long term of years. In addition the proposed action certainly seems a reversal of the sound philosophy embodied in the community disposal legislation recently sent forward to Congress. One motivation for that legislation was the desire to eliminate responsibilities not essentially involved in the Commission's sober and exacting principal mission.

Of course, if the President or the Congress directs the Commission to accept such a responsibility we will endeavor to discharge it fully.

This letter was signed, "Henry D. Smyth, Member, Atomic Energy Commission; and Eugene M. Zuckert, Member of the Atomic Energy Commission."

At the same hearing Commissioner Thomas Murray objected with equal vigor and emphasis to the proposed contract.

It is noteworthy that Commissioner Murray was the member of the Commission responsible for originating long-term contract arrangements with Electric Energy, Inc., a private utility group now supplying power to the Atomic Energy Commission along with the TVA. However, Mr. Murray was frank to state that Electric Energy, Inc., was found sadly wanting in performance in comparison with the TVA.

Commissioners Lewis L. Strauss and Joseph Campbell indicated their willingness to proceed under the President's directive in negotiating the Dixon-Yates proposed contract.

Thus we see that 3 out of the 5 Commissioners vigorously opposed the scheme of using the AEC as an administrative device to achieve purposes and objective foreign to the purposes of the Atomic Energy Act. Notwithstanding this objection of the majority of the Commission, it is my understanding that the Commission, through its general manager, General Nichols, is proceeding to negotiate a definitive contract with the Dixon-Yates group.

Now we turn to the contract itself, and I will make a series of statements concerning the provisions of the contract. These statements are based on the testimony of the AEC Commissioners and their general manager, Gen. K. D. Nichols; a copy of the proposed contract addressed to the AEC, dated April 10, 1954, and signed by Mr. E. H. Dixon, president of Middle South Utilities, Inc., and Mr. M. J. Berry, chairman of the executive committee of the Southern Co.; an appendix, consisting of five pages which was attached to the letter; a comparison of annual costs for power supplied from alternate sources, No. 10109, under date of April 14, 1954, from the AEC; and a letter dated April 15, 1954, to Mr. Dodge, then Director of the Bureau of the Budget, signed by Chairman Strauss of the Atomic Energy Commission.

First. General Nichols testified before the Joint Committee on Atomic Energy on June 17, 1954, that the Dixon-Yates proposal would cost the Government a minimum of $3,685,000 more per annum than if the same amount of power were purchased from the TVA at the present rates charged by the TVA to AEC at the Paducah plant.

Second. Mr. Wessenauer, manager of power for TVA, estimated that it would cost the Government $5,567,000 more per annum under the Dixon-Yates contract than if the TVA supplied the power.

Third. General Nichols testified that it would cost the Government more than $90 million more over the life of the contract than if the power were purchased from TVA.

Fourth. Mr. Wessenauer testified that it would cost the Government approximately $140 million in excess of TVA charges over the life of the contract.

Fifth. The Government assumes a maximum cancellation liability of $40,012,500 plus fair and reasonable expenses payable to third parties.

Sixth. Although the contract is ostensibly for a 25-year period, in the event of termination the Dixon-Yates group has the right and is obligated to recapture not less than 100,000 kilowatts of its capacity per year beginning with the 4th year of the contract and continuing to the 9th year. This provision would permit the Dixon-Yates group to recapture their complete capacity at the end of the 4th year, or any intervening year between the 4th and 9th years.

In any event, it must recapture its 600,000-kilowatt capacity by the end of the ninth year.

Seventh. The Government is also obligated to assume approximately $5 million in construction costs, if the estimated construction cost of $107,250,000 is exceeded by as much as 9 percent.

Eighth. If the 9-percent overcost in construction occurs, this will add $285,000 per annum to the original estimated base charge of $8,775,000.

Ninth. The Government is obligated to build and charge to the TVA a $9 million transmission line from the Dixon-Yates terminal in the middle of the Mississippi River to the TVA grid, and to operate and maintain same for the period of the contract.

Tenth. The Government is obligated to pay all Federal, State, and local taxes of the Dixon-Yates private utility corporation. The estimated total of these taxes by Dixon-Yates is $2,319,000 of which $1,499,000 represents Arkansas State and local taxes, including $83,000 State income taxes, and $820,000 Federal taxes on corporation income.

Eleventh. The Government is obligated to insure a 9-percent net return to the Dixon-Yates group on their equity investment, which amounts to 5 percent of the estimated capital investment of $107,250,000.

Twelfth. The balance of the capital investment of the Dixon-Yates group, amounting to 95 percent of the total, will be funded by selling to private investors bonds with a guaranteed return of 3½ percent.

Dixon-Yates state in their letter that the 25-year contract with the United States Government is the basis for obtaining the 95 percent funding at this low interest rate.

Thirteenth. The Government is obligated to take 93 percent of their power capacity at point of delivery at all times. If it does not absorb the 93 percent power load, it is subject to penalty.

Fourteenth. The Dixon-Yates group state that they will request the Treasury Department for a favorable ruling on capacity charge for replacements. They maintain further that if this favorable ruling is granted, it will be possible to make a $313,000 reduction in the estimated taxes.

Fifteenth. The Dixon-Yates group also state that the proposal is "subject to our securing appropriate Treasury Department rulings or agreements with respect to the sinking fund depreciation, upon which the computations underlying our proposal are predicated."

Sixteenth. The annual charges quoted are minimum charges and are subject to the following escalation clauses: In-

creased cost of construction over estimate; any increase in fuel costs; any increase in labor costs; less than 93 percent load factor absorption of capacity.

Seventeenth. Other conditions are set forth in the Dixon-Yates proposal as follows:

Other conditions: (1) This offer is subject to approval of regulatory bodies having jurisdiction and to force majeure. In the event of new laws, orders or regulations or changes in existing applicable laws, orders, or regulations adversely affecting wage rates, hours of work or other conditions, or active hostilities, any of which shall result in increased costs hereunder, the effect of such changes shall be incorporated in any contract resulting from this offer to the end that the rights of the seller shall not be impaired by such changes, and the parties will enter into appropriate amendments of such contract to that end.

Comment: Note that this section makes the Dixon-Yates contract subject to new laws, orders, or regulations, or changes in existing applicable laws, orders, or regulations.

If decisions of regulatory bodies or other conditions increase the costs, the effect of such increased costs would become additional Government liabilities. The term "other conditions" is all-inclusive and would cover any contingent increase in costs without known limit.

Eighteenth. If the AEC assigns any of the power to another Government agency which it is obligated to purchase from Dixon-Yates, beginning with the fourth year of its operation, it cannot assign the power at contract rates. But the receiving Government agency must pay an increased price which is to be approved by the Federal Power Commission.

The CHAIRMAN. The gentleman from New York [Mr. MILLER] is recognized.

Mr. MILLER of New York. Mr. Chairman, it seems to me that this is one of the most important issues, probably, to be decided by this House this year. We are here asked to appropriate the money of the taxpayers of the United States for a steam-generating plant to serve domestic and industrial consumers in one section of the United States. If we elect to do that, then we must in equity and fairness be prepared to face the issue of subsidizing all of the power in the United States of America.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. MILLER of New York. Mr. Chairman, I decline to yield.

Mr. Chairman, 94 percent of all the people of this country get their electricity from taxpaying, investor-owned utilities. I do not think those Members of this House who serve and represent the 6 percent who get this subsidy quite realize the burden placed on the other 94 percent of the people of the country when voting the taxpayers' money for the benefit of the few.

In my State of New York, the private utility companies serving the people of New York are spending this year $50 million for extension and expansion of their facilities in that State. They are not down here asking for a dime, although last year they sent to the United States of America and to State and local agencies the sum of $185 million in taxes. Yet they are building their own program in New York.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. FRAZIER].

(By unanimous consent the time allotted Mr. FRAZIER was given to Mr. RABAUT.)

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. KEATING].

Mr. KEATING. Mr. Chairman, where private enterprise is willing, able, and ready to construct a power development, it should be preferred in that respect to the Government. I recognize the merit of President Eisenhower's often-expressed view that there is a proper sphere in this great country for both public and private development. There are some projects so vast that they do not lend themselves to private development, but we are here concerned with no such problem. We are dealing not with the original construction of TVA, but with the question whether we will permit further expansion by the building of steam plants to be paid for from the pockets of all the taxpayers, or whether we are going to make it possible for a private company to do the job.

Industry has been wooed away from New York, Pennsylvania, New England, and many other areas, by the promise of cheap power in the Tennessee Valley area. In city after city and town after town we have seen families uprooted and separated, economic conditions dislocated, the corner grocery store closed, men and women thrown out of work, virtual ghost cities and towns created when industries have moved down into this Government-subsidized power area. The taxpayers of this Nation have shelled out nearly a billion and a half dollars to facilitate this process. Every single year they are now putting up something like $14 million to help pay the electric-light bills of the families who receive this special benefit and to pay the power bills of several large industries.

I can see why Representatives from that area want to see the never-ending expansion of the Tennessee Valley project. I can understand, too, why the large industrial power users down there want to continue their ride on the gravy train. But it is impossible for me to comprehend any basis on which those of us who represent all the rest of the people in the country who must foot the bill, can possibly justify support for a proposal that we pour more and more millions of hard-earned tax dollars into a project to expand power facilities by building steam plants when it has no relation whatever to navigation and flood control and, on top of that, we have a situation where private industry is ready to supply the power, if given the opportunity.

This is a fundamental issue. It goes to the heart of our economic and social structure. We should canvass our consciences to determine whether we are going to stand foursquare for the furtherance of private enterprise and initiative, or are going to lean ever more heavily on the Government to do those things which we should do as individuals. I feel strongly and deeply on this subject. I support without qualification the position our great President has taken on this issue. This amendment should be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. EVINS].

Mr. EVINS. Mr. Chairman, I should like to allay some of the fears of my friends from New England regarding the possible location of industries in the South. A report by the Department of Commerce shows that the textile industries that have located in the South have been located in North and South Carolina, in other words, in the Carolinas, and not in the area served by the Tennessee Valley Authority. The textile industries are outside the TVA area. The gentlemen from New England should read the report of the Department of Commerce in this connection and I am sure they would sleep better at night.

Secondly, we hear a great deal in the way of charges about TVA and some would gain the impression that in only the TVA area do we have public power. Mr. Chairman, I hold in my hand a list of authorized hydroelectric public-power projects throughout the United States compiled by the Corps of Engineers. I have not the time to read them all. It is a very voluminous and extensive list of hydroelectric power projects throughout the United States—all public power—and in all sections of our country. I shall only mention a few from the extensive list.

There is the Bull Shoals project in Arkansas, $88,330,000.

In California there is the Table Mountain Reservoir, with public power, in the State from which Mr. PHILLIPS comes. Estimated Federal cost, $77,200,000.

In Florida, under construction, is the Jim Woodruff Dam for hydroelectric power, $46,379,000.

In Georgia, there is the Clark Hill Reservoir, $78,576,000.

In Idaho there is the Albeni Falls Reservoir, with $31,100,000 Federal cost involved.

In Michigan there is the St. Marys River hydroelectric dam—cost, $12,719,000.

In Montana there is the Fort Peck project, $158,300,000. That has been authorized, constructed and is in operation.

In Nebraska, under construction, the Gavins Point Dam, Nebraska and South Dakota, $53 million.

In North Carolina there is the John H. Kerr Dam, $87,150,000.

And there are many other hydroelectric public power projects throughout the country, built and being built by the taxpayers of the Nation.

Mr. Chairman, the gentleman from Michigan [Mr. DONDERO] made a statement, and he would not yield to me for reply. He stated there had been no power purchased from outside sources. There has been much power purchased by the TVA from outside sources. The cost to the Government has been great

for this private power, but there exists wonderful cooperation there with the private utilites, neighbors to the TVA.

Mr. BRAY. Mr. Chairman, I ask unanimous consent that the gentleman from Indiana [Mr. BROWNSON] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BROWNSON. Mr. Chairman, I deeply regret that I have been unavoidably called away from Washington because of the critical illness in my family. I feel, however, that it is only fair that my constituents know how I would have voted on the matter that comes before the House today.

I would have voted to remove from this appropriation bill the $6,500,000 for the construction of a powerplant to be located near Fulton, Tenn.

Mr. JONES of Alabama. Mr. Chairman, the resource development program that has gone on as a part of TVA has been a highly successful and important part of the work of the agency. This is demonstrated by the very splendid results of such activities as the forestry program, the tributary watershed development work, and the agricultural resource development. TVA has worked closely with the State and local groups in order to achieve an integrated program, the results of which have been of tremendous value to the primary program of flood control, power and navigation.

Equally important is the fertilizer research program of TVA which has become one of the most valuable activities of the agency. TVA has done an excellent job in developing commercial fertilizer which was so sorely needed a number of years ago and is still needed to produce the crops necessary to keep America well fed and well clothed.

In keeping with the provisions of the TVA act, TVA has carried on at the Muscle Shoals plant an experimental program to develop new and better fertilizer and to manufacture these fertilizers on a relatively small scale. Most of TVA's research has been in the phosphate and nitrogen fields. This research work has been supplemented by an educational program among the farmers so that they would use the new and better fertilizer products. In order to get the educational program launched, the agricultural people of TVA devised what is called the test demonstration farm. I believe it is one of the best educational programs ever developed.

The pattern of developing these fertilizers, educating the farmers to use them and developing the demand, then getting out of the way and letting industry carry on has been followed ever since TVA was set up. Many producers in the fertilizer fields have benefited from the TVA work. Evidence of such benefits are seen in the new plants, modernized equipment, and advanced practices that are outgrowths of research by TVA.

When a new fertilizer is developed in the TVA laboratory at Muscle Shoals, it is first tried out in greenhouse tests and on small field plots in research projects conducted by State agricultural experiment stations. If it appears promising, it is introduced to farmers and is used by them in various farming systems to demonstrate its use under closely supervised conditions. This phase—the test demonstration program—is conducted by the agricultural extension services and cooperating farmers. Finally it is introduced and demonstrated on a wider scale through educational sales programs. The nature of the educational sales program in each State is determined jointly by the land-grant college, the distributors of TVA fertilizer, and TVA, in cooperation with other agencies of the United States Department of Agriculture.

TVA cooperates with State experiment stations in the conduct of laboratory, greenhouse, and field plot tests to determine under controlled conditions the relative efficiency of TVA fertilizers on major crops and soil types. This research is a necessary step in evaluating the relative merits of new fertilizers prior to their introduction to farmers through test-demonstrations or educational sales programs. This is the way to find out if the fertilizers really work, how well they work, and whether changes need to be made in the process.

The output of the TVA fertilizer plant is but a small part of the national production—1½ percent of the tonnage and 3 percent of the plant nutrients in fiscal year 1954. However, the effect of this limited production of TVA fertilizer has been widely beneficial to both industry and agriculture.

TVA actively encourages industry to make use of promising research results. Its laboratories and plants are visited frequently by representatives of the fertilizer industry and people with technical interest in the fertilizer processes. Firms wanting to adopt patented TVA processes may obtain royalty-free licenses. About 70 licenses have already been issued to use TVA processes or to manufacture TVA-developed equipment.

What has the fertilizer program meant as far as farmers are concerned? As a result of the test demonstration farms, farmers are adopting better fertilizer practices and are demanding more economical sources of plant nutrients in increasing quantities.

Two examples illustrate this very clearly. Twenty years ago, concentrated superphosphate was not widely used. The fertilizer industry was skeptical of the product and doubted that farmers would ever use it. The commercial production at that time only amounted to about 70,000 tons annually. But what happened after TVA's experiments with it? When TVA began its research on superphosphate, the process and product were improved, its uses was demonstrated to farmers, and farmers began to use it. The annual output of this material by the fertilizer industry is now about a million tons, exclusive of TVA production.

The same thing is true in the case of ammonium nitrate. In 1943, the use of ammonium nitrate as a fertilizer was almost unknown. TVA, its distributors, and the colleges introduced ammonium nitrate to farmers in a widespread educational and demonstration program. It is now used as a major source of nitrogen for direct application. In 1953, farmers used about 650,000 tons of ammonium nitrate, exclusive of the amount supplied by TVA.

As I mentioned earlier, the test-demonstration farms have been a major means of introducing experimental fertilizers to farmers. Since 1935 TVA, the land-grant colleges, and farm families have worked together in a cooperative test-demonstration program. In 1947 the number of test-demonstration farms in the program amounted to 26,000. There has been a steady decline in available funds, however, and this year there were only 2,390 farms in the program. If the budget cuts for the next fiscal year are carried out, there will be even further reductions and only about 1,800 test-demonstration farms can be provided for.

It is most important that the TVA fertilizer-research work be given ample funds to continue its valuable contribution in this field. The great importance of the work can be seen when one considers that TVA operates the only complete fertilizer-research program in our country. TVA has the facilities all the way from the laboratories to the test-demonstration farms, and it seems extremely unwise to interrupt and curtail this already established and successful operation. Further reductions in funds will mean the termination of some of the essential research now underway and the deferral of some new research projects that have been planned. It will mean that fewer farmers can participate in the test demonstrations in spite of the increasing interest in this phase of the educational program.

The TVA fertilizer-development program is of national importance. It has brought results that have been valuable to the farm people all over the country. It has brought results that have been extremely valuable to the fertilizer industry. It certainly should be maintained at a fully effective level.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, this is a rather unique experience in my 22 years of service here in trying to offer these remarks that I have been thinking about for quite a while.

At the risk of some repetition, I will review quickly some of the things I said earlier when we were operating under the handicap, first, of the limitation of time and, secondly, of the prohibition against the transfer of time.

Mr. Chairman, I think we must keep constantly before us that the original purpose of the TVA was the development of hydroelectric power incidental to flood control and navigation, and when the gentleman from Tennessee [Mr. EVINS] read the list of hydroelectric projects a moment ago, why, that is exactly what TVA started out to be, and as far as I know it is not proposed in this legislation to build steam plants at any of those projects. Now, as we have gone along we have moved away from the concept of hydroelectric power into

the matter of generation of power by steam plants until now we are approaching a time when 70 percent of the power will be generated in steam plants. No one complains about the development in the Tennessee Valley insofar as it relates to hydroelectric power. But there has been complaint through the years—and I am one of those who has complained—when the taxpayers' money collected all over the country has been used to build steam plants to do exactly the same sort of generating that is done by private utilities and municipalities, to develop cheaper power than other places can have by reason of the advantages in not paying interest on the money, not paying taxes, as well as other features that I do not go into at this time. We have complained as that thing has developed.

Now, the proposition before us here is to start with $6.5 million more, but the cost that is estimated for the Fulton plant is $100 million. Now, if that plant is built, the taxpayers of the country will put up another $100 million. If we figure the going rate of interest that the Government pays as 3 percent, then that is $3 million a year that my taxpayers in Indiana and the taxpayers all over the country have to put into the pot to provide this additional power. I say that we have been pretty good to the people in the Tennessee Valley. I think many of our folks back home would have very solid grounds on which to criticize us for going as far as we have gone. But, the question today is, Are we going to call a halt?

Now, reference has been made to the destruction of TVA. It is charged that bringing some power in from another source will destroy TVA. Why, already into the TVA area, from Portsmouth and Paducah come 2.5 million kilowatts. The plant at West Memphis will produce only 600,000 kilowatts. As I said before, it will not destroy the TVA; it will benefit the TVA, because it permits them to divert to the domestic users in their area power which otherwise would have to go to the Atomic Energy Commission, power for which TVA has been charging less to domestic industrial users than they have to the AEC. That, of course, makes an attractive situation for industrial development or for greater domestic use. So long as it is paid for by the people who are benefiting there, no one could object. But the proposition here sought to be forced upon us is to make us go along with the idea that taxpayers in our areas must put up the money.

I think the best exposition of this whole problem that I have seen is from President Eisenhower. There are folks here who say, "Well, we support the President." We are going to find out today just how well you are supporting him, because his position in respect to this matter is very well known. Here is what he said in a letter to Congressman COLE, of New York, the chairman heretofore of the Joint Committee on Atomic Energy. I want you to listen to the logic of this argument of President Eisenhower, because no argument can stand against it:

On several occasions you and I have discussed the administration plan to relieve TVA of part of its obligation to furnish electric power to AEC in order that TVA, without additional steam plants built at taxpayers' expense, may have an adequate supply of electric power for its customers through 1957.

My general thinking on the subject is this: It seems to me that all arguments for the construction by the Federal Government of the additional steam plants ignore this one and very important truth: If the Federal Government assumes responsibility in perpetuity for providing the TVA area with all the power it can accept, generated by any means whatsoever, it has a similar responsibility with respect to every other area and region and corner of the United States of America.

Logically, every section of the United States should have the same opportunities, and the Federal Government should not discriminate between the several regions in helping to provide this type of facility. My own conviction is that we have not been alert enough in making certain of this equality of treatment. If this is the case, then it is high time that other regions were getting the same opportunities.

I cannot believe that Americans in general disapprove of attempting to place all regions on a basis of equality in this regard. Consequently, there must either be some reexamination of any plans which would call for the Federal Government to supply all the additional power capacity that might be needed in the future in the Tennessee Valley, or, logically, we would have to begin plans for a gigantic power development to cover the entire Nation equitably.

And then he has this additional paragraph:

It seems to me that there has been a very great deal of talk and argument—much of it partisan—about issues that are really clear and simple. No one in this administration has any intention of destroying or damaging TVA or of diminishing its effectiveness in any way. But this is not the same thing as fastening on the Federal Government a continuing and never-ending responsibility which I frankly do not believe is logical nor, in the long run, in the best interests of the country.

As I said before, where is there anyone among us who can dispute the logic of that assertion? Let me put it this way: The Wabash River is celebrated throughout the country. It flows through my district in Indiana. I do not know how much power we could develop on the Wabash with a few Federal dams, but I suppose we could develop a little. So we set up a Wabash Valley Authority and we come to you to vote $100 million, or whatever it would take to get it going. And then we say we cannot get enough power out of the Wabash, so we are going to have to build steam plants and you are going to have to put up the money.

The minute you do that, Mr. Chairman, you are going to have to do it on the Susquehanna, the Penobscot, the Missouri, and every other river in the country. If there is not enough waterpower, as the gentleman from North Dakota says there would not be—as I listened to his argument I was surprised to find he would not be with us—if you are going to add steam plants to augment production, then you have brought about Federal socialization of the whole power industry. Dispute it if you may and if you can, but I do not believe you can.

There has been a lot of talk about the yardstick. My hometown is Rensselaer, Ind. We have had a municipal light and water plant there ever since I can remember. It used to be powered by steam. Now it is powered by diesels. We do not need any yardstick. All I know is that we are paying 4 or 5 times as much for our power as the people in the Tennessee Valley are paying, and we are running it as a municipal operation. It is no hated private utility. I sometimes think maybe we would be a little better off if we got into a contract with the Northern Indiana Public Service Co. But in any event we do not need the yardstick. And let me just say again that the yardstick that you talk about in the TVA is short a lot of inches of what a yardstick really ought to be. But that is neither here nor there.

The issue here is simply: Shall we start to build more steam-generating plants up to a cost of $100 million? There really is no issue with respect to the Mississippi Valley Generating Co. because, as the gentleman from Arkansas [Mr. GATHINGS] pointed out, that is a legally binding contract upon the Government of the United States entered into by the administrative branch after specific authority voted in 1954 by the Congress of the United States.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Tennessee.

Mr. EVINS. The gentleman has quoted a statement by the President. Another statement which the President made was that these things should be worked out in the way the people want it done. When we see and hear Representatives from Tennessee, Kentucky, Alabama, Virginia, and Mississippi, speaking for TVA we can understand that their voice represents the way the people want it done. Why should we not help the President to keep this promise?

Mr. HALLECK. I am glad I yielded, because we can see how ridiculous these arguments are. All the rest of us shall abdicate our responsibility about what we think is fair and right just to let you people down there who want this cheap power, paid for in large measure by taxpayers all over the country, have your way about it.

Mr. EVINS. That is what the President has said.

Mr. HALLECK. I do not yield further.

It just so happens that some of us have a responsibility to the people we represent. Likewise, some of us now and then support some things because we think they are right in principle. I happen to have an interest for my people back home, but I also happen to believe that the development of hydroelectric power in the TVA basin has proceeded to its completion. All of the steam power that could possibly be needed to firm up power has been given to you people. Now you say that you cannot get power anywhere else in the area. TVA itself, through the years, has bought power from private utilities adjacent to the area. There is nothing new in that. Already coming into the area is the

power from Paducah and Portsmouth, so there is nothing new in this.

Some have characterized the contract made with the Mississippi Valley Generating Co. as a steal. I think they ought to mark well their words before they engage in such loose charges, because that contract has been made by responsible officials of the Government of the United States, including President Eisenhower himself. If you want to accuse him of trying to steal something or of participating in a steal, you go ahead and do it. I want no part of it.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. RABAUT] to close debate on the pending amendment.

Mr. RABAUT. Mr. Chairman, I wish I could be as brilliant as the distinguished gentleman from Indiana, and I wish I had his familiarity in the House with his long experience during the Republican years of control in which he exerted himself so eloquently in this body. But you will notice when he referred to the rates as being different as between industry and the Atomic Energy Commission, as charged by the TVA, he backed that statement up with not one word of evidence. The charges made by the gentleman, quoting the President, that if this is to be the policy in the Tennessee Valley area, there should be a similar policy in every other area of the country. Well, I would like to remind both the gentleman from Indiana and the gentleman in the White House that God Almighty created the Tennessee Valley. It was the ingenuity of the Congress of the United States—the ingenuity of the Congress of the United States that harnessed the Tennessee Valley, and while there is an indirect benefit to the people of the valley, the power that was generated in the Tennessee Valley protected the smokestacks of every type of industry in the United States of America.

The impression is often given that the Tennessee region is the only area that benefits from the TVA. Such a statement is far from the truth. To use one specific illustration which everyone can easily understand, take the purchases made by TVA from each of the States. The map on page 27 of the hearings will be of interest to every Member. I will insert at this point in the RECORD a table which shows the amount of purchases by TVA in each State. This does not include the appliances and products such as refrigerators, ranges, freezers, washing machines, pumps for running water, and all the other modern appliances purchased by the people as a result of the economic advancements from TVA, but this list is only the direct purchases by TVA itself in the States.

TVA procurement sources, 1934–54

	1954	Total (1934–54)
Valley States:		
Alabama	$9,913,413	$109,393,458
Georgia	2,012,599	25,982,613
Kentucky	15,401,255	121,538,153
Mississippi	951,062	7,993,689
North Carolina	507,111	13,250,231
Tennessee	50,289,053	335,593,202
Virginia	214,893	7,783,988
Total valley States	79,289,386	621,535,334

TVA procurement sources, 1953–54—Con.

	1954	Total (1934–54)
Other States:		
Arizona	$44,035	$115,353
Arkansas	128,425	1,154,504
California	646,381	9,294,073
Colorado	137,585	1,068,353
Connecticut	652,306	6,699,773
Delaware	3,032,628	17,924,456
District of Columbia	49,661	2,388,155
Florida	827,274	6,616,527
Idaho	407	2,302,060
Illinois	4,846,403	92,233,522
Indiana	719,257	18,885,996
Iowa	154,212	1,454,127
Kansas	94,085	554,499
Louisiana	958,868	8,831,276
Maine	264,067	479,021
Maryland	352,394	5,980,969
Massachusetts	1,731,321	38,060,756
Michigan	1,307,734	18,009,066
Minnesota	489,235	7,675,479
Missouri	1,904,724	25,303,027
Montana	1,431	165,813
Nebraska	20,752	480,430
Nevada	823	136,461
New Hampshire	142,024	1,586,722
New Jersey	1,905,522	37,953,165
New Mexico	4,151	46,091
New York	10,792,256	140,027,452
North Dakota	24	54,009
Ohio	9,959,076	119,071,865
Oklahoma	534,273	2,782,616
Oregon	130,861	1,514,263
Pennsylvania	19,647,931	288,156,583
Rhode Island	165,972	1,973,808
South Carolina	207,448	1,840,364
South Dakota	10,641	707,091
Texas	1,039,090	5,239,519
Utah	17,399	2,804,728
Vermont	37,483	174,124
Washington	7,563	1,209,331
West Virginia	165,099	3,414,226
Wisconsin	3,953,344	58,552,668
Wyoming	56	28,937
Total other States	67,084,221	932,951,258
Foreign	10,887	523,233
Total	146,384,494	1,555,009,825

Some object that TVA does not pay taxes. TVA and the distributors paid $9,258,000 in taxes and in lieu of tax payments in 1954.

The State and local taxes paid by TVA power consumers through their electric bills are comparable, as a percentage of revenues, to those paid by private utility customers. In the fiscal year 1954 the total tax payments in the TVA area amounted to about 6 percent of all the revenues received from consumers, excluding only sales to Federal agencies. In the Nation the average of State and local taxes was 8.6 percent in 1953. Among a dozen large companies operating adjacent to the TVA area, the average in 1953 was 8 percent and the proportions ranged from 4.6 to 11.4 percent.

The TVA has protected our very American way of life, and it set a pattern because before its existence there were only 29 out of every 100 homes in America that had electrical energy. That means that they woke from their lethargy the private power companies. No matter where they were located, they had an example of service set for them, and that is why the private power on the perimeter of the Tennessee Valley has a greater earning power for its people by far than the average common-stock earnings in the Nation. I have the figure here. While the average common-stock earnings in the entire country have increased 2½ times since 1937–39—and they increased, mind you, in spite of all of this talk about the harmful effects of TVA—they increased for the private power companies on the perimeter of the Tennessee Valley by 5.6 times. That is better than anywhere else in the country. Why? Because the private power companies saw what they could do by watching TVA, and they were set a good example in the Tennessee Valley.

Now for a few facts about this. In the first place, the Dixon-Yates deal was a handpicked deal. That is what they are defending here today—a handpicked deal.

The Dixon-Yates contract is in litigation. We have it on the authority of the man appointed by the President that we are going to have a shortage of power in that area by 1957 and 1958. Are we to be caught, with world conditions as they are, as a nation dangling between arguments on Dixon-Yates and the Tennessee Valley Authority? No. This is the time for us to assure the TVA of power it urgently needs and not make guesses on Dixon-Yates.

The cost of the Fulton plant will be $3,700,000 less—get that figure—$3,700,000 less per year than the cost of the Dixon-Yates plant, according to the estimates of the administration's own Bureau of the Budget and the Atomic Energy Commission. It is in black and white for you to read on page 56 of the hearings.

After the Dixon-Yates plant is paid for by the Government, not by anybody else, but by the Government, and it will cost $107 million to build, there is a guaranteed profit not to exceed 11 percent on the private capital Dixon-Yates have invested. The Government will pay the profit out of the payments from the AEC, and all taxes are taken into consideration in setting up the capital fund, and in the end it will belong to Dixon-Yates. The Fulton plant would pay dividends each year of approximately 4 percent to the Government and would belong to the people of the United States.

The annual added cost of Dixon-Yates will be $3,700,000 per year.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I could not refuse to yield to the gentleman from New York.

Mr. TABER. The Government does not pay for the Dixon-Yates building and plant. It is paid for by a bond issue of their own, and their own capital stock.

Mr. RABAUT. Oh, the gentleman is right about that. They had to call off the hearings because it is in such shaky condition that they could not even go ahead and see if they could get anybody to put any money into it. That is how badly we are dangling, the strength of the United States of America is dangling.

The authority of the TVA Act to build steam plants outside the basin has been upheld by the courts in two separate occasions involving both the Shawnee and Galatin plants, which have already been built outside the area. With whose approval? With the approval of the Congress of the United States of America.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. RABAUT. Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from California [Mr. PHILLIPS].

Mr. PHILLIPS. Mr. Chairman, on that I ask for tellers, in order to save time.

Tellers were ordered, and the Chairman appointed as tellers Mr. RABAUT and Mr. PHILLIPS.

The Committee again divided and the tellers reported that there were—ayes 198, noes 169.

So the amendment was agreed to.

Mr. JONES of Alabama. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Alabama: On page 6, strike out lines 7, 8, 9, 10, and 11 and insert in lieu thereof the following: "until the acquisition is approved by the Committees on Appropriations of the Senate and the House of Representatives."

Mr. JONES of Alabama. My amendment, Mr. Chairman, simply seeks to strike out this restrictive language—this language which prohibits the Appropriations Committee from exercising its judgment and authority to decide how the funds appropriated to TVA shall be spent. As the matter now stands, the bill gives to the Director of the Bureau of the Budget that authority. It actually usurps authority from the Appropriations Committee.

My amendment is not offered in a sense of trying to develop a fight between Tennessee and Alabama on where the headquarters of TVA should be. The TVA Act has already specified that very clearly. It states that they shall be located in Muscle Shoals. But my amendment does return to the Appropriations Committee the authority to decide just when and how the funds for headquarters can and should be made available. I think it is a just and fair amendment.

The principal offices of TVA, according to the provisions of the TVA Act, shall be located in the immediate vicinity of Muscle Shoals, Ala. Because of construction work which began in the region near Knoxville, Tenn., back in 1933, the first TVA officers were set up in that city. In the intervening years, because of wars and shortages of materials, the offices have been allowed to remain in Knoxville although the TVA Board has indicated its desire and intent to transfer the offices to Muscle Shoals at the earliest practicable date.

There are several reasons why Muscle Shoals was designated to be the location for the principal TVA offices. It is a central location on the navigation highway of the Tennessee River. It is 125 miles nearer the center of the TVA power service area than is Knoxville, Tenn. At Muscle Shoals the Board will be nearer to the capitals of 3 of the 4 States where TVA's principal activities are concentrated. This is very important inasmuch as TVA must work closely with the State governments in the furtherance of its program.

Plans to move to Muscle Shoals have never been a secret. The actual moving, as I have said, had to be postponed repeatedly because of national emergencies which prevented the use of materials necessary to carry out the plan.

The TVA Board made a very determined effort in 1953 to move to Muscle Shoals. They based their decision on the fact that Knoxville is no longer a good or suitable location for the Board and central management of TVA. The Muscle Shoals location would bring together under 1 roof staffs now scattered about in 6 different buildings in Knoxville and Chattanooga. The move would place the Board and its managerial staff closer to the places of its work and its future developmental problems.

The TVA Board has a job to do for TVA and the Nation. They are under heavy obligation to do this job in the most effective way possible. Their decision to transfer—as the act specifies—the headquarters to Muscle Shoals was based on what they consider is best for this great agency. When their decision was presented in 1953 a great storm of protest arose from the people in Knoxville. Local interest and pressure and political considerations were brought to bear in such a way that the Board was prevented from carrying out this plan.

I am not arguing here today that the headquarters should be moved, although it is my firm conviction that they should be in Muscle Shoals and should be moved immediately. That is not my argument today.

I am simply trying to get this restrictive language out of the bill so the Appropriations Committee can decide on whether funds for this purpose can be provided or not. I do not believe that the committee should have to wait for permission from the Budget Director.

I ask you to give back to the committee the right to make that decision.

The CHAIRMAN. The time of the gentleman from Alabama [Mr. JONES] has expired.

Mr. CANNON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes, those 5 minutes to be consumed by the gentleman from Tennessee [Mr. BAKER].

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. BURDICK. I object.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. BAKER].

Mr. BAKER. Mr. Chairman, ladies, and gentlemen, if you listen to me for 5 minutes, I believe I can convince you that by defeating this amendment you will save $10 million to the United States of America. That is $2 million a minute.

Now, let me tell you why—and I have to talk fast. TVA was formed in 1933. It is a creature of Congress, yes, but it is an arm of the Executive. That is the reason for this language directing that the Director of the Bureau of the Budget must approve before headquarters can be moved from Knoxville.

Two years ago the Tennessee Valley Authority directors, headed then by Gordon Clapp, appeared before the Committee on Appropriations. They never said a word about moving headquarters. A few days later they announced in a public statement that they had voted to move headquarters out of Knoxville to Muscle Shoals, Ala., 275 or 280 miles away down in the extreme southern tip of the territory and away from Knoxville, which is in the very heart of it.

I opposed that on the floor. Many of you heard me. I obtained a positive prohibition against moving in the appropriation bill. It went over to the Senate and the Senate added the words that they could not move without the approval of the Director of the Bureau of the Budget. That was in the bill last year. There was no contest made to amount to anything last year, not seriously. It is in the bill this year. You know the composition of the Appropriations Committee. They left it in the bill. I am asking you to leave the language in the bill that our own Appropriations Committee wrote in there.

All in the world there is to it is, 2 of the 3 members of the Board of Directors apparently want to move. The Chairman says Knoxville is the place for it. Then in addition to the Appropriations Committee the Director of the Budget shall also approve it. I want a disinterested decision. Let the executive department have a little something to say about a thing as important as this. This should not be partisan.

This will save you $10 million. The lease-purchase agreement which this rider has defeated for 2 years would provide that they would pay out at Muscle Shoals over $8 million. The Director of the Bureau of the Budget, the Honorable Joseph M. Dodge, sent a telegram to the Chairman of TVA, Gordon Clapp, using these words, on June 17, 1953:

If headquarters remain in Knoxville, rent will amount to $4,800,000 in 20 years, and the Government will save $4 million in 20 years.

That is $4 million of the $10 million. Mr. Dodge is a man of ability.

Here is how the other six or seven million dollars will be accounted for: Five hundred families would be moved by this action. They have been in Knoxville 20 years. Their children are there. They are in the schools there. We spent money in Knoxville to build additional buildings, spending millions of dollars. They have bought homes there. If they were uprooted and moved to Muscle Shoals they would be moving to a community, I may say with all due respect to my friend, Mr. JONES, of 1,500 people. I know something about it. That is what the population shows. It is the same as my hometown. So I know what it would mean to move 500 families into a town of 1,500.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BAKER. I yield.

Mr. JONES of Alabama. The Muscle Shoals area has a population of 55,000.

Mr. BAKER. If you add a lot of other towns, yes, but Muscle Shoals itself has a population of 1,500.

Mr. JONES of Alabama. There is a town down there called Muscle Shoals City, but the Muscle Shoals area embraces a large population.

Mr. BAKER. Whatever the population may be, it is listed as 1,500. Think of moving 500 federally impacted families down there under existing law. You

would have to have additional schools, airports, highways, streets, sewers, houses, and hospitals, and disposal systems. That would account for the other $6 million of that $10 million.

While that saving of $10 million is not to be laughed at, remember that Knoxville is in the middle of the Tennessee Valley area and the activities of TVA and Muscle Shoals is down at the very tip. I urge the defeat of this amendment.

Mr. PHILLIPS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, let me just say, as the chairman of the subcommittee which had this before it for 2 years, that the committee has tried to keep this from becoming a political issue. The adoption of this amendment would make it a political issue. We have tried to keep it in the hands of a disinterested group, the Bureau of the Budget, which would decide it, if it must ever be decided, upon the basis of its proper position. Knoxville is the center of the area.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS. I yield.

Mr. JONES of Alabama. If it is a nonpolitical issue, why is it that the Bureau of the Budget has been considering this matter for 2 years without a report?

Mr. PHILLIPS. Because there was no necessity to make a report or to consider it. It is obvious that Knoxville is the center of the area. The proposition was not to move everything to the Muscle Shoals area but, having already Chattanooga, Knoxville, and Nashville, to create a fourth location at high expense to the taxpayers.

Mr. JONES of Alabama. If the gentleman is afraid of the will of this House on the question, why should he insist on the language being in the bill that the Bureau of the Budget continue to study the proposition?

Mr. PHILLIPS. I did not put the language in this year. Your side of the House put it in this year. I ask for a "no" vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. JONES].

The amendment was rejected.

The Clerk read as follows:

GENERAL INVESTIGATIONS

For engineering and economic investigations of proposed Federal reclamation projects and studies of water conservation and development plans; engineering and economic investigations, as a basis for legislation, and for reports thereon to Congress, relating to projects for the development and utilization of the water resources of Alaska; formulating plans and preparing designs and specifications for authorized Federal reclamation projects or parts thereof prior to initial allocation of appropriations for construction of such projects or parts; and activities preliminary to the reconstruction, rehabilitation and betterment, financial adjustment, or extension of existing projects; to remain available until expended, $3,669,442, of which $2,987,254 shall be derived from the reclamation fund and $532,188 shall be derived from the Colorado River development fund: *Provided*, That none of this apropriation shall be used for more than one-half of the cost of an investigation requested by a State, municipality, or other interest: *Provided further*, That, except as herein expressly provided with respect to investigations in Alaska, no part of this appropriation shall be expended in the conduct of activities which are not authorized by law.

Mr. BUDGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUDGE: On page 9, line 4, before the semicolon, insert the following: "in each of the 17 reclamation States in their entirety."

Mr. BUDGE. Mr. Chairman, I have discussed the language which I am submitting, with the Members of the western panel who wrote the language in the report which my language is intended to correct. The language here is simply intended to clarify the language which is contained in the report; and, so far as I know, there is no objection to it. I had hoped the gentleman from Tennessee [Mr. EVINS], who is chairman of the western panel, would accept the amendment.

The language contained in the report deletes the entire State of Idaho from participating in the general investigation program of the Bureau of Reclamation. My amendment does not seek to add any funds to the bill. It simply includes the State of Idaho, along with the rest of the 17 Western States in the general investigation program of the Bureau of Reclamation.

If there are any questions, I should be happy to answer them.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho [Mr. BUDGE].

The amendment was agreed to.

Mr. BUDGE. Mr. Chairman, I offer another amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BUDGE: On page 9, line 14, strike out "$3,669,442" and insert "$5,104,000, provided that no part of this amount shall be used on investigation of the Blue South Platte project."

Mr. BUDGE. Mr. Chairman, the purpose of this amendment is to restore to within $70,000 the budget figure for the general investigations conducted in the 17 Western States by the Bureau of Reclamation.

The funds as recommended by the committee this year are the lowest of any year since before World War II. As compared with the funds of 1950, the funds herein recommended are less than one half. As of 1951 they are only slightly more than one-third of the appropriations for that year.

The President, in commenting upon requested funds for the Bureau of Reclamation, said that the investigation funds were the very heart of the continuation of that Bureau; that if we were to continue to develop the West, the investigations must be conducted in these arid States, and he asked that this amount be included in the budget so that the investigations could go forward, and the Bureau have a backlog of projects ready to come, if and when the Congress sees fit to build them.

Mr. ASPINALL. Mr. Chairman, will the gentleman yield?

Mr. BUDGE. I yield to my colleague from Colorado.

Mr. ASPINALL. I wish to join with my colleague from Idaho in support of this amendment. I am sure the most effective way to throttle the program of building the West is to reduce the funds necessary in the investigating processes. Unless the Representatives from the West can bring to this body reports which have sufficient engineering data, and be able to gain the confidence of this body, it is impossible to continue with our reclamation. I think these funds are necessary. I believe that the Bureau of Reclamation can use them effectively.

Mr. BUDGE. I thank the gentleman for his contribution.

I know from my own experience, being a native of the West, that the future development of the Western States in this great United States depends upon the development of the water resources. The only way that we can secure the information, as the gentleman from Colorado [Mr. ASPINALL] has said, to bring before the Congress facts concerning these programs, is by use of this general investigation fund.

I sincerely hope the committee will see fit to restore the figure to the figure recommended by the Bureau of the Budget and the President of the United States, except for the specific investigation named in my amendment.

Mr. EVINS. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, I would say to the gentleman from Idaho when he asked about the expenditures yesterday he was told that there was no discrimination against his State. We also agreed to the previous amendment which the gentleman has just offered and which the Committee has accepted. But the gentleman's present amendment represents an annual increase of $1,500,000 for additional reclamation studies that appears unnecessary. I may say to the gentleman from Idaho that I hold in my hand information from the Bureau of Reclamation showing that there has been no discrimination against his State.

Mr. BUDGE. Mr. Chairman, will the gentleman yield?

Mr. EVINS. I do not yield now for I want to go over the projects in his State.

Big Wood River project, Idaho; Johnny Counts project, Oregon-Idaho; Little Wood River project, Idaho; Medicine Lodge project, Idaho; Montana project, Idaho; Columbia River Basin, Utah-Mont.-Oreg.-Wash.-Wyo.; Clarks Fork Basin, Idaho-Mont.; Bear River project, Idaho and Utah.

Upper Snake River Basin, Idaho-Oreg.-Wyo.; Cache project, Idaho-Utah; Mann's Creek project, Idaho; North Bench project, Idaho; Sandspoint project, Idaho; Jordan Valley project, Oregon-Idaho.

Snake River project; Mountain Home division, Idaho, among others.

Thus the gentleman must see that his State certainly is not discriminated against. We have put in the RECORD statements on yesterday that his State is not discriminated against and I have personally written him a letter to the effect that there has been no intention by the committee to in any way discriminate against his State. He can use

this with the Bureau of Reclamation that his State is not discriminated against in this bill in any way.

With all these projects included for the gentleman's State indicated the committee feels that a further increase of $1,500,000 is not at this time justified. Personally, I do not like to oppose requested increase by my colleagues, but there must be some limitation on the amount of funds and I ask that the Committee vote down the pending amendment.

Mr. MILLER of Nebraska. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time in order to reply to the subcommittee chairman relative to the funds for investigation and then to permit the gentleman from Idaho to make a reply.

I think the Committee should understand that these investigative funds are not just for the State of Idaho; they are for the 17 Western States.

The gentleman from Tennessee read a number of projects in the State of Idaho, but the investigative funds, as I understand, cover the 17 Western States. If I am not correct on the gentleman's amendment I would like to know.

Mr. BUDGE. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Nebraska. I yield.

Mr. BUDGE. I am happy that the gentleman has clarified the remarks of the gentleman from Tennessee. I greatly appreciate the cooperation of the gentleman from Tennessee and his statement that my particular State was not to be discriminated against.

But, as the gentleman from Nebraska says, this amendment has nothing to do with my individual State as such; it applies to the entire reclamation program which has been going on in the United States for 53 years, and it applies to all of the 17 Western States. It is to be used by the Bureau of Reclamation for further study of a program affecting all the 17 Western States.

Mr. MILLER of Nebraska. I may say to the gentleman from Tennessee that if the funds were to be allocated just to Idaho alone and not to the 17 Western States I would oppose the amendment.

The amendment, however, seeks to reinsert into the appropriation bill the amount requested by the Budget Bureau, less $70,000.

Mr. BROOKS of Louisiana. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wanted to take this time to impress upon everyone here the very great importance of not drying up this reclamation program.

I am heartily in support of this amendment. It requires a very little amount of money. It will do a great deal of good in a vast amount of territory throughout the United States. We ought to have it.

I just want to take this little time to call the attention of the Congress to the fact that we are drying up the reclamation program in the United States. In the year 1951 we appropriated $271,679,000 for reclamation. In 1952 we cut that down to $234,408,522. In 1953 it went down to $206 million. In 1954 it went down to $143 million and in 1955 it is down to $161 million. If the cuts this year in reclamation are carried through it will be cut down further.

We are reaching the point where we practically have no reclamation program. I am one who believes that we ought to spend some money in building up our own country and not spend all of our money in building up areas overseas. Therefore, Mr. Chairman, I am strongly in favor of the pending amendment because it will cost a very little amount of money and will permit us to proceed with investigations in reclamation areas throughout the United States.

I hope the amendment is adopted.

Mr. WICKERSHAM. Mr. Chairman, will the gentleman yield?

Mr. BROOKS of Louisiana. I yield to the gentleman from Oklahoma.

Mr. WICKERSHAM. I agree with the gentleman from Louisiana that the amendment offered by the gentleman from Idaho should be adopted.

Mr. BROOKS of Louisiana. I thank the gentleman.

Mr. RILEY. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 5 minutes, that 5 minutes to be reserved to the committee.

Mr. YOUNG. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. YOUNG. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Idaho. The sums recommended by the Bureau of the Budget this year have been very moderate and constitute a reasonable program. If the gentleman's amendment is not adopted, first of all, it will disrupt the reclamation program. Reclamation consists of three main activities—investigation, construction, and operation. If we were to reduce or cripple the investigations of reclamation it would be like taking 1 leg off a 3-legged stool.

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. YOUNG. I yield to the gentleman from Washington.

Mr. HOLMES. It should be made very plain right here that this amendment involves general investigation money for the entire reclamation West and not for any one particular section of the reclamation West.

Mr. YOUNG. I thank the gentleman. I want to emphasize that if these sums were reduced it will mean a certain number of personnel in the Bureau of Reclamation who are now engaged in general investigations throughout the 17 Western States will either be dismissed or forced to serve in other capacities or to change their jobs. It will result perhaps in the bumping or discharge of loyal employees. You will bring the reclamation program into a series of peaks and valleys, somewhat like we had in our defense program. It will delay reclamation development. Some 116 reservoirs have been built in the past and they have required anywhere from 10 to 20 years to develop. Some of the larger projects were under consideration for 20 years, 30 years, or perhaps a longer period of time.

Certainly this cut is inadvisable because if at a later date we intend to go back and complete certain reclamation activities it will mean reclamation personnel will be assigned back to the same jobs they now have. This will result in a waste of the efforts which have been expended to a considerable extent. For example, there is a project in my State now under consideration for general investigation. If the personnel now investigating these projects are called upon to perform other services, it will mean the work they have already done to a large extent, investigating hydrology of the rivers, land classification, will be wasted, and the orientation which they have undergone in preparing the investigations will not benefit the reclamation program as it would if the general investigation were allowed to continue.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. YOUNG. I yield to the gentleman from Arizona.

Mr. RHODES of Arizona. I want to congratulate the gentleman on the fine statement he has made and to say that I agree with the gentleman that this is a worthwhile amendment. Is it not true that the money spent for investigation is really money well spent? Because of this we have better projects coming before our committees of the Congress?

Mr. YOUNG. That is very true. In the past, Congress has been critical—and I think justifiably so—of the Bureau of Reclamation bringing projects before Congress which were not thoroughly planned and investigated.

Mr. DAWSON of Utah. Mr. Chairman, will the gentleman yield?

Mr. YOUNG. I yield to the gentleman from Utah.

Mr. DAWSON of Utah. Is it not true that the projects which have brought some criticism have been those in which very little investigation has been done in the way of land classification and preparatory work?

Mr. YOUNG. I think the gentleman's point is very well taken. If we discontinue the general investigation and later come back and make investigations, I think there will be very little saved and in the end would be a waste of the taxpayers' money.

Consequently we have before us three situations: First, unless these funds are restored, it will disrupt the program; secondly, unless these funds are restored, it will delay the reclamation development; and, thirdly, failure to do so would not develop our economy, and in the final analysis cost us more than $1.5 million we are seeking to restore herein.

Therefore, I urge support of the amendment offered by the gentleman from Utah.

Mr. BURDICK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have no amendment to offer.

Mr. RILEY. Mr. Chairman, will the gentleman yield?

Mr. BURDICK. I yield to the gentleman from South Carolina.

Mr. RILEY. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. BURDICK. Mr. Chairman, I just want to ask the chairman of the subcommittee and the ranking minority member what effect the language in the bill has in regard to the situation in my country. You know I am very much interested in that, and so are the people in that district.

Mr. EVINS. Mr. Chairman, if the gentleman will yield, I will endeavor to answer the gentleman's question.

Mr. BURDICK. Well, you have not heard the question yet. But, if you can answer it, I would just as soon have it.

You understand, of course, and this Congress understands that when this dam was created at Williston, it was limited to 17 million acre-feet, and for some reason the Army engineers want it bigger than that. Our theory is that until Congress authorizes it, it cannot be done. Now, I want to make sure that under the language of this bill these Army engineers cannot race in there and do what they are prohibited from doing by law. Now, you do not want us to legislate up there in the courts of that country, do you? Does it mean, Mr. Chairman of the subcommittee, that this Congress has given them any authority to go ahead and buy land for dikes and build dikes that we do not know anything about?

Mr. RILEY. Mr. Chairman, if the gentleman will yield, we have not yet reached that point in the bill, but I can assure the gentleman that there is no money in here to buy land for dikes and build dikes around the town of Williston; no money was requested, and no money was appropriated.

Mr. BURDICK. That settles my case.

Mr. JOHNSON of California. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, I take this time to ask the subcommittee chairman, my friend, the gentleman from Tennessee [Mr. EVINS], concerning several items that were approved and an appropriation recommended by his committee, which conducted the hearings. I was given to understand by comments of members and by articles in the newspapers that requests for appropriations of items that were not recommended by the Bureau of the Budget, and in the printed list sent out by the Bureau of the Budget to Members, would not be considered with favor by the Appropriations Committee. But I find that the Sacramento deepwater channel, for instance, which was not in the budget's approved list, was allowed the sum of $500,000 by the Appropriations Committee.

I do not intend to oppose that. I wish to be perfectly frank with the committee so I must tell you that I was the Congressman when that project was authorized.

During the first 10 years of my service in the House, Sacramento, as well as Stockton, my home town, were in my district—Third District of California. When the people of Sacramento approached me concerning a deepwater channel, I told them that if the Chief of Engineers recommended the project I would support it. This occurred in 1945 and I kept my promise and appeared before the Public Works Committee and recommended the approval of the project. The committee followed my recommendation, which was supported by evidence submitted by the Chief of Engineer's Office.

Two very excellent statements against any appropriation for the Sacramento port district at this time were made by Warren H. Atherton, of Stockton, counsel for the port, and by R. B. Dewey, representative of the Pacific American Steamship Association, San Francisco, Calif.

I do not intend to oppose this appropriation. Briefly, here are my reasons: The appropriation having been made by the Appropriation Committee, it would be very difficult, if not impossible, to get the committee to reverse itself. I have learned that from experience. Over 10 years ago I obtained an appropriation for about $4 million for some badly needed levee work to give more flood protection to lands in my district. A colleague of our delegation, without giving me any notice, offered an amendment to cut this appropriation in half and transfer half of it to a project in his area. To my great surprise his proposal was rejected by a vote of 5 to 1 by the Committee of the Whole and most of the support I received was from Democrat colleagues, including the then, and now majority leader, the gentleman from Massachusetts, JOHN W. MCCORMACK, who felt this was an unfair procedure.

We have an unwritten law in our delegation which has been strictly adhered to during my service in the House, that no Member will oppose an appropriation obtained by another Member, unless there are some exceptional reasons why he should do so. We have so many delegation problems, in our group of 30 Members, that if we start these civil wars we will not protect the solidarity which we should and have had when we seek cooperation and help from the Federal Government on some important problem concerning the whole State. It is not a question of timidity but one of commonsense to work and get along harmoniously with our colleagues in the delegation for the common good.

But I do think that if that project was favored with an appropriation, and it was not one of those included in the Bureau of the Budget list, then a project that I sponsored, which also was not in the Budget list, should be given the same treatment.

The project in which I had a deep interest is one which was authorized in the 1944 Flood Control Act. It concerns the levees on the lower San Joaquin River. The reason for my vital interest, and that of my constituents, is that in the last 5 years we have been subjected to floods on the lower San Joaquin River that have ruined public and private property to the extent of almost $10 million. Furthermore, in that same area, we have Federal property that is worth almost $100 million that could be subject to that kind of flood if it repeats itself, as it did in 1950 and 1952. Should that occur the Federal Government could suffer loss of many millions of dollars at Sharpe General Depot, its Annex, and Stockton Navy Annex. These losses would also be suffered by city and county public properties.

I should like to ask the chairman of the subcommittee why my project was not considered more seriously.

Mr. EVINS. I will say that the gentleman appeared before the panel and made a very excellent statement. He was a very strong advocate of the project. But as the gentleman knows, that matter was not in the budget. It was not budgeted. The Bureau of the Budget did not recommend an expenditure of funds on that project at this time. The gentleman made a fine statement and the committee was impressed with the merits of what he had to say. Perhaps he can obtain the approval of the Budget for that project and if so, we hope it may be considered next year.

Mr. JOHNSON of California. The question I asked was why I was not given the same treatment as was accorded the Sacramento project.

Mr. EVINS. With respect to the Sacramento River project, the gentleman is familiar with the fact that there are some differences between the two projects. That is a project for which there has been appropriated a total of some $2,309,000. It is a project concerning which the Legislature of the State of California has passed a resolution and concerning which the Governor of California sent a telegram. It is a project that has already been undertaken and is under way. That is how it differs from the gentleman's project. There has already been a substantial expenditure of Federal money. There is no budget request for the gentleman's project. Perhaps we can change that situation next year if we get a budget recommendation.

Mr. JOHNSON of California. I hope that will be the case.

But I could not quite understand why I got less favorable treatment than the Sacramento Port project.

It happens that I am one of the minority party now and the Sacramento Congressman is in the majority party. I could not help but wonder if partisanship did play any part in this recommended appropriation.

Mr. EVINS. I am sure it did not.

Mr. JOHNSON of California. I thank the gentleman very much for his frank answers.

Mr. RILEY. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Idaho [Mr. BUDGE].

This is a rather nebulous amendment, seeking simply to restore the amount recommended by the budget.

Your committee spent long hours going into each one of these projects and trying to evaluate them on the testimony which was presented to it and to the several panels. The reductions made by the committee were made as a result of these studies. The committee spent long hours interviewing dozens and dozens of witnesses, both from Government agencies and from the outside, listening to people who were thoroughly familiar with the program.

What will be the effect of the gentleman's amendment if it is adopted? It would restore money, for instance, for the Trinity River in California which not only would duplicate funds contained in another item of this bill but concerning which there has been testimony that it would not be needed if construction is started in the manner contemplated by the bill.

For the past several years funds have been appropriated for a comprehensive study in the Arkansas-White-Red River Basin. A great deal of money has been appropriated for this purpose. The purpose of this study was to provide a basis for future water-resources development in this Arkansas-White-Read River Valley. Yet by the amendment you put in around $200,000 for the same purpose. These are but two of the duplications showing what amendments such as this will do; it amounts to trying to spend the taxpayers' money twice, and it is bad enough to spend it once in some instances. The report has not been made available on these scattered projects in the Arkansas-Red-White River Basin. Even the Department has not gotten the report. How could they make recommendations unless they had the results of that survey? How can this committee appropriate intelligently unless it has the facts in the case? Why should you be spending money for something that is going to be available in 2 or 3 months anyway?

What are you going to do with the funds that were added for advance planning on the important Talent Division of the Rogue River project in which the gentleman from Oregon [Mr. ELLSWORTH] and others are interested? That is not in the budget. The effect of this amendment would be to knock that project out of the budget. The testimony shows that this is one of the most important projects in this area.

We get criticized from time to time because we try to follow the budget. This year we have attempted to put in some very meritorious projects outside of the budget, and now you want to go back to the budget. It is high time for this Congress to say what it means and to stick by what it means, in my opinion.

Mr. BUDGE. Mr. Chairman, will the gentleman yield?

Mr. RILEY. I yield to the gentleman from Idaho.

Mr. BUDGE. May I say to the gentleman that the Committee on Appropriations and the Congress cannot intelligently pass upon any of these projects unless sufficient money is granted to the agency to investigate the projects and bring their findings before the Committee on Appropriations and the Congress. That is all this amendment seeks to do.

Mr. RILEY. There is a certain amount of preliminary work, I am sure the gentleman will agree, which is necessary before you even put in appropriations for investigating these projects.

Mr. WICKERSHAM. Mr. Chairman, will the gentleman yield?

Mr. RILEY. I yield to the gentleman from Oklahoma.

Mr. WICKERSHAM. May I ask the gentleman from South Carolina a question in connection with the Arkansas-White-Red River report. I understand it will be out July 1. Is that right?

Mr. RILEY. I understand it will be out within the next 60 or 90 days. That is my latest information.

Mr. WICKERSHAM. If it should come out the 1st of July and it recommended, say, the Foss and Cobb Creek projects, and then suppose it recommended the Cow Creek, Beaver Creek, and Hell Creek projects as part of the Arkansas-White-Red River project, would there be a chance for us to get a supplemental appropriation for those projects so recommended?

Mr. RILEY. I do not believe they would be this year, but I can assure the gentleman that when this report is out the committee will certainly give every consideration to the recommendations which are made by the people who have made the investigations.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. RILEY. I yield to the gentleman from Florida.

Mr. CRAMER. It is my understanding from the gentleman who offered this amendment that it does not affect any existing project. Even though it was added to those recommended by the Appropriations Committee, it adds to the amount recommended by the Appropriations Committee an amount equal to $700,000 less than the amount recommended by the Bureau of the Budget, that is, an amount equal to that difference; and it does not affect any existing project recommended by the Appropriations Committee.

Mr. RILEY. I hope this amendment will be defeated and this duplication will be eliminated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho [Mr. BUDGE].

The question was taken; and on a division (demanded by Mr. RILEY), there were—ayes 124, noes 23.

So the amendment was agreed to.

Mr. FORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to ask a question of the chairman of the subcommittee, the distinguished gentleman from Michigan [Mr. RABAUT]. The questions in my mind have arisen as a result of a letter which the gentleman from Mississippi [Mr. SMITH] circulated, I believe, among all Members of the House in reference to the action of the committee in reducing the funds for Army Corps of Engineers surveys. In the accompanying list that the gentleman from Mississippi submitted with his letter, he itemized a group of projects which, according to him, may not be covered in the funds that the committee has recommended. There are several such surveys in the State of Michigan that have been mentioned in the circular letter and in the enclosure of the gentleman from Mississippi. One is of particular importance not only to Michigan but to the whole Great Lakes Basin. It is the item under "Special studies, Great Lakes water level." The inference from Mr. SMITH's letter is that the action taken by the committee, in effect, deletes the funds for the continuation of that survey. Could the gentleman from Michigan inform me whether or not the action of the committee has deleted funds for that purpose?

Mr. RABAUT. The committee has taken no specific action on any project that is in here except those noted in the report. There is not much foundation for some of the things in this letter.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield.

Mr. KEATING. My interest is the same as that of the gentleman from Michigan because this Great Lakes water-level problem has been a very serious problem to all those who own property along the Great Lakes. Do I understand from the reply made by the gentleman from Michigan [Mr. RABAUT] that the overall appropriation, which is in this bill for studies, does not in any way seek to earmark any specific studies and that there is no basis for saying that these projects in this letter are stricken out? In other words, that there might be a reduction in the overall amount for all of the projects for this study, but they are not limited or earmarked to any specific project?

Mr. RABAUT. The gentleman is correct.

Mr. FORD. Could the gentleman from Wisconsin add anything to what has been stated?

Mr. DAVIS of Wisconsin. I might add to what the gentleman from Michigan [Mr. RABAUT] already stated that the gentleman from Michigan [Mr. FORD] will recall it has been the policy of the committee for a number of years to grant sums for investigation on a lump-sum basis. I think probably the inference may be intended, in the letter that was submitted, that because of the reduction of any amount in this overall lump sum, that any particular project or any group of projects are going to be in or out, as far as investigations are concerned.

The allocations submitted to the Committee on Appropriations are purely tentative allocations. They are not binding. The Corps has a great deal of leeway in deciding what the actual allocation will be during the course of the year. Therefore, to say that because this sum has been cut every one of the projects listed by the Corps of Engineers as being projects that they intend tentatively to allocate some money for is in grave danger because of the reduction, is not being quite fair to the people to whom the letter was addressed.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield.

Mr. SMITH of Mississippi. I think in fairness the Members should realize that the committee by its action on the funds here and the number of projects it had already earmarked, which you will find on page 12 of the report, brought about a shortage of some $700,000 in the funds available for these surveys tentatively allocated. With these earmarked surveys, it is obvious that somebody will suffer, and every one of them stands in danger of suffering.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. FORD] has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

CONSTRUCTION AND REHABILITATION

For construction and rehabilitation of authorized reclamation projects or parts thereof (including power transmission facilities) and for other related activities, as authorized by law, to remain available until expended, $113,821,000, of which $69,287,000 shall be derived from the reclamation fund: *Provided*, That sums made available for increasing spillway capacity at Alamogordo Dam, Carlsbad project, New Mexico, for the purpose of removing the existing flood hazard, be nonreimbursable and nonreturnable: *Provided further*, That no part of this appropriation shall be available for other than the completion of field engineering, survey work, and preliminary designs of the Southwest Contra Costa County Water District System and no repayment contract shall be executed or construction begun until plans have been submitted to and approved by the Congress through its legislative and appropriation procedures, after submission of a report to the Congress by the Secretary of the Interior (1) on the cost and feasibility of said project, including the necessary distribution system and (2) on the rates required to be charged to the ultimate consumers: *Provided further*, That no part of this appropriation shall be used to initiate the construction of transmission facilities within those areas covered by power wheeling service contracts which include provision for service to Federal establishments and preferred customers, except those transmission facilities for which construction funds have been heretofore appropriated, those facilities which are necessary to carry out the terms of such contracts or those facilities for which the Secretary of the Interior finds the wheeling agency is unable or unwilling to provide for the integration of Federal projects or for service to a Federal establishment or preferred customer: *Provided further*, That no part of this or prior appropriations shall be used for construction, nor for further commitments to construction of Moorhead Dam and Reservoir, Mont., or any feature thereof until a definite plan report thereon has been completed, reviewed, by the States of Wyoming and Montana, and approved by the Congress.

Mr. MILLER of Nebraska. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Nebraska: On page 10, line 5, strike out "$113,821,000" and insert in lieu thereof "$146,041,000."

Mr. MILLER of Nebraska. Mr. Chairman, the amendment I have offered merely attempts to restore the requests made by the Budget Bureau and the Department of the Interior for funds for construction of irrigation projects already authorized and in process.

I want to say that the gentleman from South Carolina [Mr. RILEY], the subcommittee chairman, was very gracious to our committee, and to me when they listened to our reasons for the construction funds in this amendment. I want to point out in all seriousness that the funds in the bill for construction is some $32 million short of the budget request.

I know that the subcommittee handled this item and went over it carefully with the Department of the Interior officials. I am sure that the Interior Department and the Budget Bureau recommended the $146,041,000.

Here is what will happen if you leave the $113 million in: It takes out three of the projects we authorized last year. The 83d Congress authorized five new projects. They are started; money has been spent upon them. The bill and the report specifically takes out three of those projects, and it cuts out all new projects.

I submit, Mr. Chairman, that we who talked about and supported new projects for reclamation really want them. Some politicians insisted there would be no new projects under the Republican administration. Let us not start under the Democratic legislative cutting out all irrigation projects. I know you do not intend to do that.

Mr. BROOKS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Nebraska. I yield.

Mr. BROOKS of Louisiana. This is 1 of 4 amendments on which we agreed in a meeting we had yesterday in the caucus room. A great many Members were present at that time. This would simply bring the figures back to the Bureau of the Budget figures; is not that true?

Mr. MILLER of Nebraska. That is true.

Mr. BROOKS of Louisiana. It would cover the whole country.

Mr. MILLER of Nebraska. It would cover the 17 Western States and these Western States make up 60 percent of the area of the United States.

We are a great, growing dynamic country; we must not neglect the building up of reclamation projects.

Last year the Appropriations Committee for foreign aid allowed $80 million for reclamation projects in countries like Iran, Iraq, Lebanon, Costa Rica, Ethiopia, Pakistan, and others. We send more money abroad for reclamation projects than we spend in our own country. That to me is a ridiculous situation.

Mr. BROOKS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Nebraska. I yield.

Mr. BROOKS of Louisiana. I wish to congratulate the gentleman on his amendment. It will bring back to the President's budget request the amount of money allowed for construction and rehabilitation of these irrigation projects. The gentleman's amendment needs and should have widespread support on the floor of the House.

Mr. MILLER of Nebraska. I thank the gentleman. I am sure neither the House nor the subcommittee so ably chairmaned by the gentleman from South Carolina [Mr. RILEY] does not intend to cripple and destroy reclamations projects. Many have already been authorized by the Congress. They have been authorized; they are in process of being built. It is impossible to believe that the committee would intentionally take action which would seriously threaten the development of the entire West; so I ask you to give serious consideration to the question and support this amendment.

I presume it will be said you have already given it serious consideration, but my records show that the Budget Bureau was before the committee, the Interior Department was before the committee; and these funds I am requesting in this amendment were requested by the administration. I know the administration has given careful study to the need in the 17 Western States to continue reclamation projects. There should be new starts. I am sorry there are no new starts in this bill. Some were authorized by the Bureau of the Budget. The committee has eliminated the new starts. They have denied money for projects already under construction. Is that good business? My understanding tells me it is not good business to stop construction on feasible projects. I hope the committee will support my amendment so irrigation may go forward.

Mr. BROOKS of Louisiana. Mr. Chairman, I move to strike out the last word and rise in support of the amendment.

Mr. Chairman, I am president of the National Rivers and Harbors Congress. As such we are concerned with water utilization, particularly water resources throughout the entire United States.

Yesterday I think it was—perhaps the day before—we had a meeting of all Members of Congress who wished to be present in the caucus room of the Old House Office Building, and went over the matter of restoring funds to the extent of the budget estimates for reclamation and for flood control, and for river and harbor improvements.

This is a great internal program that we have in the United States. We agreed at that time that we would support this amendment and ask for support from everybody in the Congress for an amendment that would simply put back the funds taken from those recommended by the Bureau of the Budget.

We are not against the committee. The subcommittee did a grand job and they are all my friends; but we are for this program of improving our own country on the same basis that we with our money have been attempting to improve foreign countries.

Mr. Chairman, the pending amendment is a good one and I hope it will be adopted.

Mr. DAVIS of Wisconsin. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, I have been here long enough to know that when the Appropriations Committee is the beneficiary of compliments and sugary phrases, look out for what is coming next. The committee has been complimented here about the fine job it did. Then we heard talk about a rump gathering that met in the caucus room of the House Office Building and decided to arrogate to themselves the authority to undo everything the committee did.

I am surprised that Members of this body have had quite the affrontery to stand up and tell their colleagues: "We got together yesterday morning and we agreed that we fellows from the Mississippi Valley would support putting back in all the cuts from the Northwest and from the Middle West, from Nebraska, and other areas of the country in return for rolling the log at the other end to support some of our projects."

I would not have the affrontery to brazenly stand up here and tell my colleagues that I was a party to that kind

of an agreement. I hope the committee will give that kind of a meeting exactly the kind of consideration that it deserves.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Wisconsin. I yield to the gentleman from Michigan.

Mr. RABAUT. This is a perfect example of "you rub my back and I will scratch yours."

Mr. DAVIS of Wisconsin. Exactly.

Mr. EVINS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think the members of the committee should be entitled to know some of the things that the committee has deleted from the bill and which the gentleman from Nebraska [Mr. MILLER] possibly seeks to restore.

The committee deleted $2 million for the Boulder Canyon project, of which $1 million is unobligated, already available. All of these funds are for new power units which can be built when it is requested by the State of Nevada and the city of Los Angeles. This is an item of $2 million for a power unit.

Another item which would be included would be $631,000 for the Foster Creek reclamation unit, for which there has been no repayment contract executed up to this time.

Another item that might be put in the bill by the amendment offered by the gentleman from Nebraska [Mr. MILLER] would restore a fish facility on the Central Valley project, involving $4 million, which has been called the biggest Rube Goldberg in the bill.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. EVINS. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. The money asked to be placed back in the bill in increased amount would restore the Hart Butte and Hanover projects which were approved by the last Congress. It would include money for the Riverton and Shoshone projects which are not under construction. As I said, it would include the Hanover project and in North Dakota the Hart Butte project, and in Montana the Helena Valley project, which has been cut out, which was authorized by the Congress but taken out by the committee.

Mr. EVINS. It could also include the items which I have enumerated, although since the funds are not earmarked I do not think anyone can say just what projects will be included.

Mr. MILLER of Nebraska. I am saying it includes items that have already been authorized by the last Congress.

Mr. TABER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want the House to know a little something about this amendment before they vote on it. If you will look at page 9 of the report, you will see that the amounts allowed by the committee were $121,821,000, and there was deducted therefrom $8 million, because when the report was gotten up, that is the figure that the Bureau of Reclamation said was going to be left over on the 30th of June. In other words, we did not want to give them the money twice to do the same job. Now we find on checking up with them today that their estimate of what they are going to have left over is $12,197,572, or $4,197,000 more than they thought they were going to have when the report was written up. Now, are we going to give them the money twice for the same project in the same year and go at it blindly as is proposed by this amendment, or are we going to be halfway honest with the people of the United States who have to pay the taxes?

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes. And I wish the gentleman would tell us why they want the money twice. That is what the gentleman's amendment provides for.

Mr. MILLER of Nebraska. Oh, no.

Mr. TABER. Oh, yes. I am telling you just what it provides They told us in the hearings what they said they could use and, of course, we allowed them only what they said they could use.

Mr. MILLER of Nebraska. This amendment simply provides for the construction of projects already authorized by this Congress, which the gentleman had a part in a year ago, and we do not like to see them cut out entirely.

Mr. TABER. Well, they are not cut out entirely, only a few of them, and those are the ones that they thought should be cut out.

Mr. MILLER of Nebraska. Only a few?

Mr. TABER. You want every single project given double the money that they said they could use. If that is the way to proceed, all right; but if the Congress is going to have any judgment or if they are going to pay any attention to the folks who went over the thing carefully and did the best they could to give you an honest figure, you are going to vote against this amendment. If we are going to appropriate money on the basis of a promotion gathering, the country is gone.

Mr. MILLER of Nebraska. I was not at the meeting at all, I will say to the gentleman. I heard there was one, but I was not there. Now, will the gentleman admit that the Budget Bureau and the Department of the Interior who appeared before the committee asked for the amount I suggest in this amendment?

Mr. TABER. No; because they gave us a figure at that time that should be deducted on account of unused, unobligated balances.

Mr. MILLER of Nebraska. May I point out on page 8 of your own report that they did estimate that, and their own request is on page 8.

Mr. TABER. On page 9 you will see where they put down the amount of their estimate of unobligated balances, and I have got it by projects all the way through. I have it right here. If you want to give them $12 million extra, beyond what they ever asked for, all right, vote for this amendment, but if you want to be honest with the taxpayers, vote against it.

Mr. RILEY. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Wyoming [Mr. THOMSON].

Mr. THOMSON of Wyoming. Mr. Chairman, there have been some rather harsh words spoken about people getting together talking over their problems. I have an idea that the New York delegation caucuses, and I think that is fine. I think the Wisconsin delegation caucuses, and I think that is fine. But if I want to talk over my problems, unless I want to talk to myself, I have got to get together with some of my friends that have similar problems, and I cannot see anything wrong with that.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. THOMSON of Wyoming. I yield to the gentleman from Michigan.

Mr. RABAUT. I just want to congratulate the gentleman on the number of friends he has.

Mr. THOMSON of Wyoming. Mr. Chairman, I rise in support of the amendment to restore the appropriation for reclamation construction and rehabilitation to the amount requested by the Bureau of Budget.

In view of the committee action, this effort is certainly justified, and appears to me to be the only course of action that we can take under the circumstances. The reason that I am supporting the amendment to restore all funds to the Bureau of Budget requests is that in talking with my colleagues other projects recommended have received the same ill-considered treatment as have those in Wyoming.

I would like to use the short time available to me to point out the effect of the committee recommendations on the Wyoming projects.

In the first place, these projects were given very close scrutiny and were pared to the bone by the Bureau of Budget. No requests for new projects in Wyoming were approved or recommended by the Bureau of Budget. The money recommended by the Bureau of Budget was either for completion of projects already in progress or for rehabilitation purposes.

Let us look first at the Hanover-Bluff project in Wyoming. Construction on this project was commenced last year by reason of an appropriation made in the last session of Congress. This is a relatively small project. The total cost is $3,383,000. The project is 20 percent completed. The Government already has invested over $675,000 in the project. The committee report states that construction on this project is to be discontinued. The committee cites as a reason "that there is a total of only 7,395 acres in this project, and the ownership is limited to 4 or 5 individuals." This shows the total confusion instant to this bill. The fact is that the 7,395 acres will be divided into some 50 to 60 farm units, with each farm unit separately owned. The 160-acre limitation applies to this project. Even on the lands which are presently in private ownership, the

owners have agreed to the 160-acre limitation, and to disposal of excess lands. This is a good project in a proven area, and has been twice approved by this House. Once when it was authorized, and a second time when construction was started. It simply does not make sense, nor would it now be good business, for us to throw the project overboard after investing over a half-million dollars in the project. If it is finally completed, this money, together with the balance to be expended, will be returned to the Treasury.

The Bureau of Budget recommended $300,000 for the Riverton project. None of these funds recommended were to be used for the purpose of bringing new lands into the project. On this project we have a serious problem of drainage. The Government has a large investment in the project. The settlers on the project, mostly veterans, have made large individual investments. An alkali problem has developed in some areas of the project. Unless this problem is solved, the investment of the Government is jeopardized, and perhaps even more important, the homes and future of these settlers and veterans are placed in jeopardy. The committee states that "no action other than that necessary for the maintenance of adequate drainage for those lands already under irrigation shall be undertaken." The committee recognizes the need for the drainage, yet at the same time the committee has failed to provide the funds necessary to do this work. Any deferral of the activity will endanger lands now being irrigated by veteran settlers. The remainder of the funds requested by the Bureau of Budget are for compliance with Public Law 258 of the 83d Congress, providing for the exchange and amendment of farm units. Certainly the House does not approve the failure to provide these funds.

The Bureau of Budget recommended $300,000 for the Shoshone project. Again the committee, although recognizing the need for drainage in this area, completely eliminated the appropriation. A very small amount of the requested funds are for a continuing program of canal and lateral lining to prevent the loss of water. A small amount of the funds are to be applied under Public Law 258 just mentioned. The bulk of the funds are for the drainage investigations and extension to the drainage system which the committee recognizes as necessary, and yet fails to provide the funds. These funds, as in the case of the Riverton project, must be restored or the investment of the Government, and the investment of the veteran settlers, will be placed in jeopardy.

The Bureau of Budget recommended $750,000 for the Kendrick project. This was cut to $350,000 according to the committee report. The language of the report would result in a deferral of the power system construction scheduled for fiscal year 1956. This would curtail electricity for both the REA's and private users. Recently, Members on both sides of the aisle were praising the REA program in connection with the anniversary of the REA. This is an instance, as the old saying goes, in which " we should put our money where our mouth is." In addition, the going work program of canal rehabilitation and drainage construction will have to be reduced unless these funds are restored. Any reduction in this program will endanger the productivity of lands now under irrigation, both to the detriment of the Government and the individual on the project.

I would particularly like to call the attention of the House to the situation on the Glendo unit in my State. This unit will store water and generate power for use both in the State of Wyoming and in the State of Nebraska. Some of the power will also be available to other States in the area. A critical situation has existed in the North Platte irrigation area of Wyoming and Nebraska. A power shortage has developed. These will not be satisfied until the Glendo Dam is completed. It has been proposed to complete this dam by March of 1957 instead of March of 1958. A study of this proposal has been made. The study showed that this would result in administrative savings of $300,000, and additional net revenue of $467,100, or a total of $767,100 in cash savings. The direct benefits otherwise would be $530,300, or a total of $1,297,400. This would be in addition to many indirect benefits. The committee recognized this as a good business proposition. A transfer of $800,000 for the current fiscal year has been approved to initiate the accelerated construction. To continue this through the next fiscal year, the Department, with the approval of the Bureau of Budget, recommended a reprograming of $2,120,000 from the Marias Unit in Montana, which will not be required in that unit, to the Glendo unit. The committee has failed to include this in the bill before us, and have appropriated only $6 million. If this amendment is approved, the Department recommendation as approved by the Bureau of Budget, for the reprograming will be effective, making possible the earlier completion of this project and the consequent savings I have just mentioned.

On the Boysen unit, the Government is committed to the C. B. & Q. Railroad Co., under contract, to perform all maintenance for a period of 5 years after Boysen Reservoir is filled. The committee has failed to provide the funds for this obligation, and unless the reduction is restored, it will be necessary to transfer funds from some other project to fulfill the contractual obligation. In light of the situation I have already shown on other projects, there is certainly no money available for transfer.

The Eden project was cut $170,000. The Bureau of the Budget had already cut $220,000 off the amount recommended by the Department. This is an excellent project. Unless these funds are restored to the budget estimate by this amendment, an orderly construction program which contemplates completion of the project in fiscal year 1958, will be disrupted. The result would be a delay in completion of the project for 1 year, assuming further appropriations were made on schedule. This slowdown would only delay placing the project on a paying basis.

In connection with this, Members of the House should not overlook the fact that the oil royalties from the State of Wyoming, and the other 11 Western States are being put into the reclamation fund. Based on current figures, the royalties from Wyoming accruing to the fund amount to more than $11,300,000 per year. The committee bill does not even appropriate back to us enough money to offset the Wyoming oil royalties going into the fund. The amount asked from the Federal Treasury even with this amendment is $77 million instead of $146 million because of this contribution from oil royalties of the Western States.

I have described briefly and generally the poorly advised action taken by the committee as concerns projects in Wyoming. My colleagues from other States advise me that a similar situation prevails with regard to projects in other States. I see no solution to the problem other than to adopt the proposed amendment. The Bureau of the Budget has given very close scrutiny to these projects and has recommended the very minimum. To follow the committee actions would be to place the entire reclamation program in jeopardy. Judging from the statements made during the campaign by candidates from both sides of the aisle, I am satisfied that the Members of this House do not want to be put on record as being antireclamation.

I urge the adoption of the proposed amendment to prevent perpetration of a great wrong.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. BALDWIN].

Mr. BALDWIN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BALDWIN. Mr. Chairman, I rise in support of this amendment to restore the funds for construction of authorized reclamation projects to the sum recommended in the President's budget. To obtain the best utilization of funds in the construction of these projects, it is most essential that they be constructed upon an efficient time schedule.

Most of the recommendations made by the Bureau of Reclamation as to the amount of funds which should be appropriated for projects now under construction were already reduced by the Bureau of the Budget before the President submitted the budget to the Congress. To make another severe cut here in the Congress would be to jeopardize the orderly and efficient construction of many of these projects.

In my district in California the Solano project, more commonly known as Monticello Dam, is now under construction. The budget submitted by the President included $13 million for this purpose. The House Appropriations Committee has reduced this sum to $12 million. This is a dangerous reduction, inasmuch as it may cause a year's additional delay in making the water from this dam available to potential users throughout Solano County. In order to have this water

available at the earliest possible date, it is most essential that during the coming fiscal year construction be begun on a diversion dam a short distance below the main dam, and on the main canal which will carry this water through the county for use by the cities and farmers who are waiting anxiously for this water to become available.

The reduction of $1 million made by the Appropriations Committee would jeopardize this orderly construction and would make it impossible to move as rapidly as necessary to construct the diversion dam and the main canal. This reduction could actually increase the overall total costs of the construction of this project, as it could well mean that it would be an additional year before the main canal could be completed, which would cause many supervisory personnel of the Reclamation Bureau to remain in that area for an additional year, at a resultant increased cost to the Government and eventually to the water users.

Under these circumstances, I strongly believe it is in the best interests of the Government and of the water users of Solano County, Calif., that the full sum of $13 million be appropriated for the Solano project at this time. I, therefore, support this amendment and urge its adoption by the House of Representatives.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RILEY].

Mr. RILEY. Mr. Chairman, I ask that this Committee look at these questions objectively. Unless we give some consideration to the rest of the Nation, the Treasury is not going to be big enough or strong enough to pay the bills that are being thrown at us today. Let us get down to the core of hard facts as developed by the testimony in the hearings and base our decision on the facts as they were developed by your committee over days and days and sometimes nights,

Let us see what the effect of this amendment will be. The gentleman did not say in detail what the effect of his amendment would be. For instance, you would have a total of $2,825,000 which would be restored to the lower Marias project. The reduction of this amount was suggested by the Bureau in a letter. The Bureau itself suggested it. That letter appears in the RECORD, and it was because the water users said that they did not want to contract for the repayment of the project, they did not want irrigation. Are you going to force it on them? Are you going to try to drown them?

Another item will restore $631,000 for the Foster Creek unit of the Chief Joseph Dam project on which not only has there been no repayment contract executed, but not even an irrigation district has been formed. Are you going to give them money whether they sign a contract or not? That would be against the policy of the Bureau of Reclamation and against the policy of this Congress. Not only that, but the program and the estimates for 1956 presented to the committee were described by the Bureau of Reclamation as tentative and subject to revision.

The gentleman from Tennessee has told you about $200,000 for the Boulder Canyon project when they have $1 million that is unspent and unobligated. These funds are for a new power unit which can be built only when it is requested by the State of Nevada and the city of Los Angeles, neither of whom have requested the Department or the Congress to build the unit. Are you going to build it anyhow?

You will restore $1,400,000 for the middle Rio Grande project, which local interests have testified that they are ready, willing, and have no objection to supplying, and which they will have to put into the reclamation fund anyway.

The Heart Butte and Hanover Bluff units would proceed on the assumption that the Missouri River Basin power revenues will carry the bulk of the repayment costs assigned to the irrigation investment. There is now being made a study of this Missouri River Valley situation. We are in doubt as to whether there will be enough revenue to carry all these projects that are being proposed unless you price the electricity out of the market. Do you want a reasonable price for electricity or do you want to load down these irrigation and reclamation projects with the income from the Missouri Valley project?

I could go on with other projects. There is $12 million of unobligated funds.

I hope you vote this amendment down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska [Mr. MILLER].

The question was taken; and on a division (demanded by Mr. RABAUT) there were—ayes 108, noes 56.

Mr. RABAUT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed Mr. MILLER of Nebraska and Mr. RILEY.

The Committee again divided; and the tellers reported that there were—ayes 103, noes 79.

So the amendment was agreed to.

Mr. MILLER of Nebraska. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Nebraska: On page 11, line 8, after the colon, insert: "*Provided further*, That $9,300,000 be appropriated to complete a 230-kilovolt transmission line from the Fort Randall Dam in South Dakota to Grand Island, Nebr."

Mr. MILLER of Nebraska. Mr. Chairman, the amendment that I have offered calls for $9,300,000 to be used for the construction of a 230 kilovolt transmission line from Fort Randall Dam in South Dakota to Grand Island, Nebr.

The Budget Bureau had requested funds to build a line from Fort Randall to Neligh, Nebr. This line was a 115 kilovolt line. This request has been taken out of the appropriations bill.

The members of the Nebraska delegation plus a number of individuals from Nebraska appeared before the Subcommittee on Appropriations asking that the line, if constructed, be a 230 kilovolt transmission line. We asked that the line be constructed to Grand Island.

Since the presentation of the evidence to the committee, it has developed that all of the public power agencies in Nebraska have asked that this line be constructed and that they are willing to accept Grand Island, Nebr., as a point of delivery of some 100,000 kilowatts that will come from the Oahe Dam in South Dakota. There are 27 REA groups in this part of Nebraska.

Grand Island, Nebr., is the center for pump irrigation. There are now about 12,000 irrigating pumps in Nebraska. Nebraska will need this additional power in order to develop and promote pump irrigation.

Information presented to the committee indicates the line is feasible, that it will pay back with interest all the money that it borrows for this line. In fact, figures by the Bureau of Reclamation indicate that by 1961 there will be a profit of more than $1 million from this 230 kilovolt line.

The report of the committee on page 11 had this to say:

The committee has specifically deleted $940,000 programed for the proposed 115 kilovolt transmission line from Fort Randall Dam to Neligh, Nebr. The testimony received indicates that there is a question as to the need for an additional line at a future date to meet all of the power requirements of the Nebraska public service system. In view of this fact the committee believes that consideration should be given to the construction of a heavier line at this time instead of entering into the more expensive proposition of one 115 kilovolt line now and another later.

This indicates that the committee feels that a 230 kilovolt line will be necessary to meet the needs of Nebraska.

Nebraska is completely a public-power State. The 15 rural public power districts in this area are willing to contract for pump irrigation requirements a minimum of 83,000 kilowatts by the year 1962.

The Bureau of Reclamation has invested approximately $50 million in high voltage transmission lines and substations in North and South Dakota. The Bureau is currently constructing a 230 kilovolt transmission line from the Oahe site in South Dakota to Granite Falls, Minn., at a cost of $17 million. A 230 kilovolt line is being constructed from the Fort Randall Dam to a point near Sioux City, Iowa, at a cost of about $13 million. Nebraska has received about $1 million for the construction of a line from Fort Randall to Belden, Nebr. This is a 115 kilovolt line.

The heavier transmission line should be constructed to Grand Island, Nebr., in order to meet our basic power loads. The power can be distributed to help conserve and develop our great natural resource, abundant ground water.

It occurs to me that this amendment is reasonable. The money will be paid back to the United States. I urge its adoption.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Nebraska. I yield.

Mr. WEAVER. I want to add my endorsement for the approval of this project as offered in the amendment by my distinguished colleague from Nebraska [Mr. MILLER]. This project has been enthusiastically endorsed by Nebraska civic groups, REA associations, and power districts as well as our State legislature. Approval of this project

and the building of this transmission line will provide more electricity and better rates for our expanding pump irrigation program and for rural electrification in Nebraska. It will help our industrial as well as our agricultural pursuits, and, of course, agricuture is our basic industry as it is in many States. A vote for this proposal is a vote for the farmer who needs this electricity at reasonable rates to pump water for irrigation purposes, and it is a vote for the present and potential needs of industrial and defense plants and agriculture in Nebraska.

Therefore, I urge the members of this body to approve this appropriation of these funds for the construction and completion of the 230 kilovolt line from Fort Randall to Grand Island, Nebr.

Mr. MILLER of Nebraska. I remind the Committee that the committee considering it said this:

> We realize that a heavier line at this time should be considered before entering into a more expensive proposition of one 115 kilovolt line and another later on.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. RABAUT. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RABAUT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I suppose all my colleagues across the aisle are going to vote for this amendment because they want to sustain this public power state.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I will yield in just a minute.

I am very much surprised at the attitude of the gentleman from Nebraska. While everybody on this floor realizes he is a fine legislator and wonderful doctor, I did not know he was an engineer. Now he comes along and gives us engineering views as against the views of the engineers of the Bureau of Reclamation.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. In just a moment. The Bureau of Reclamation was asked about it. But the gentleman comes in here and advocates a 230-kilovolt line. I remember years ago when we had under consideration the repair of the roof of the House Chamber and so many Members came to tell us what should be done. I never realized how many engineers we had in the Congress of the United States.

I now yield to the gentleman from New York [Mr. TABER].

Mr. TABER. The gentleman wanted to know if we on this side of the aisle were going to vote for this. I hope we will not; I shall not.

Mr. RABAUT. I am glad to hear the gentleman say that.

Mr. TABER. I shall not vote for it because I do not believe it is generally a good thing to go into a project without having all its factors properly balanced and supported by testimony from the Corps of Engineers that it is feasible.

Mr. RABAUT. Now I yield to the gentleman from Nebraska [Mr. MILLER].

Mr. MILLER of Nebraska. I appreciate the compliments of the gentleman. I am not an engineer and probably, I know more about medicine than I do legislative work, but I am merely pointing out that they have already spent some $17 million to build a line over to Granite Falls, Mont., and $13 million to build a line down to Sioux City.

Nebraska has had only about a million dollars to construct lines. I am merely taking the committee's report which said that in view of these facts the committee believes consideration should be given the construction of a heavier line at this time instead of entering into a more expensive proposition.

Mr. RABAUT. I know a good deal about that. Nebraska already has her lines. Let us get this power distributed around a bit.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield.

Mr. JENSEN. Can the gentleman tell us how much Federal tax the State of Nebraska pays on power revenues?

Mr. RABAUT. I thought all those studies were made on the other side.

Mr. JENSEN. I can tell the gentleman; they pay not one dime, not one dime in taxes.

Mr. MILLER of Nebraska. If the gentleman will yield, I must contest that, because they do pay money in lieu of taxes.

Mr. RABAUT. That is what they do in the Tennessee Valley, they pay in lieu of taxes.

Mr. JENSEN. Not into the Federal Treasury. They are a public power State, and they are saving millions of dollars by not paying taxes on power revenues.

Mr. RABAUT. I want to thank the gentleman for his contribution.

Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska.

The amendment was rejected.

The Clerk read as follows:

OPERATION AND MAINTENANCE

For operation and maintenance of reclamation projects or parts thereof and of other facilities, as authorized by law; and for a soil and moisture conservation program on lands under the jurisdiction of the Bureau of Reclamation, pursuant to law, $23,500,000, of which $19,912,000 shall be derived from the reclamation fund and $1,697,000 shall be derived from the Colorado River Dam fund, including (notwithstanding the provisions of the First Deficiency Appropriation Act, 1944, relating thereto) operation and maintenance of Palo Verde Weir: *Provided*, That funds advanced for operation and maintenance of reclamation projects or parts thereof shall be deposited to the credit of this appropriation and may be expended for the same objects and in the same manner as sums appropriated herein may be expended, and the unexpended balances of such advances shall be credited to the appropriation for the next succeeding fiscal year.

Mr. BASS of Tennessee. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise only to make clear a position on an amendment that I had intended to offer, which would prohibit the $6,500,000 left in the appropriation bill from being used for the construction of a powerline across the Mississippi River in order to serve the Dixon-Yates combine.

I am informed by Members of long experience here in the House and with more experience than I have on this subject that the committee report specifically takes care of that; therefore, I did not offer my amendment. On page 3 where it says that this bill specifically deletes the amount of money which was recommended for the purpose of building this powerline across the Mississippi River. Therefore, I want the position of this body made absolutely clear that no funds in this bill are to be used to build a powerline for any private power company in America, specifically, Dixon-Yates. Certainly this Congress would not have the lack of wisdom to establish a precedent by appropriating this $6,500,000 for the construction of a powerline for the personal pleasure of a private power company.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. BASS of Tennessee. I yield to the gentleman from New York.

Mr. TABER. Legislative intent is governed by debate on the floor and the decisions made upon the floor.

Mr. BASS of Tennessee. If the distinguished gentleman would answer a question for me? I always thought that a committee report was the advice as to intent.

Mr. TABER. That is unless——

Mr. BASS of Tennessee. There is no "unless" in this; the position of the committee was made crystal clear that it intended to delete money to be used for the Dixon-Yates line.

Mr. TABER. Oh, yes, there is.

Mr. MASON. The action taken on the floor repudiated the committee.

Mr. BASS of Tennessee. The amendment struck out only the provision for the steam plant. It did not strike out the amount. It only struck out the proviso clause in this bill, but the report makes the position of the committee clear.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. BASS of Tennessee. I yield to the gentleman from Indiana.

Mr. HALLECK. In order to make such meager contributions as I can to legislative history, the fact of the matter is that the original figure as fixed in the bill contemplates the use of the $6½ million.

Mr. BASS of Tennessee. Not in the bill under debate, except for building a steam plant at Fulton, Tenn.

Mr. HALLECK. In the bill as submitted by the Bureau of the Budget. The committee action took away the $6½ million from the transmission line and put it in for the beginning of the steam-plant construction. When the steam-plant construction was taken out of the bill, then it is clearly evident as a matter of legislative intent that the money left in the bill is to be devoted to the purpose originally contemplated when the bill was presented—the construction of the transmission line.

Mr. BASS of Tennessee. The bill had absolutely no authority in it mentioning

the building of a transmission line. This bill brought on the floor today is the only bill that action has been taken on. No action has been taken on the floor on the recommendation of the Bureau of the Budget. Certainly the action on this floor would determine the intent of the bill.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to the amendment which the gentleman did not offer.

Mr. Chairman, I yield back the balance of my time.

The Clerk read as follows:

GENERAL INVESTIGATIONS

For expenses necessary for the collection and study of basic information pertaining to river and harbor, flood control, shore protection, and related projects, and when authorized by law, preliminary examinations, surveys and studies (including cooperative beach erosion studies as authorized in Public Law No. 520, 71st Congress, approved July 3, 1930, as amended and supplemented), of projects prior to authorization for construction, to remain available until expended, $4,310,000, of which $1,000,000 shall be available for the study authorized by Public Law —, 84th Congress.

Mr. FOGARTY. Mr. Chairman, many of my colleagues have asked me for an explanation of just what the Fogarty amendment for hurricane protection does. Actually, it allocates $1 million to the Army engineers for a survey of our eastern coastal area to determine exactly what can be done to prevent future hurricane damage.

As you know, authorization for such a survey was secured on June 2 when the House graciously permitted me to introduce a bill under unanimous consent. This House then passed the bill, which had previously been approved by the Senate, and I am advised that it was signed by the President yesterday.

During the debate on the authorization bill, I pointed out to the Members the severe damage in both life and property which had resulted from the recurrent hurricanes in last year alone. Many of you were surprised to learn that the 1954 hurricanes together caused about $1 billion of property damage—yes, $1 billion of property damage—and in addition, the loss of about 850 lives. As a Nation we cannot afford to permit the loss, every few years, of a billion dollars in wealth—not to mention human life—when for a fraction of that amount the greater part of the loss could be prevented. For this is a national problem. All areas of our country will benefit from the knowledge gained through the Army engineers survey provided for in my amendment. The broad-scale planning needed for meeting this problem is definitely a Federal one and one which is in the interest of all the country. Delay cannot be countenanced.

The $1 million appropriation now before us, referred to as the Fogarty amendment, would permit the engineers to start their work immediately after July 1 of this year. The sooner such action is taken the sooner will we have some hope of counteracting and remedying the catastrophic situation with which our coastal States have regularly been faced in recent years.

From discussion with officials of the Army engineers I am advised that the survey which they would undertake—should my amendment be accepted—would closely approach the following pattern.

PROCEDURE FOR CONDUCT OF THE NEW ENGLAND HURRICANE SURVEY

The following paragraphs give in detail the proposed procedures for the actual work on the hurricane survey.

Two basic methods of proceeding with the survey are proposed:

(a) Complete the entire survey as one operation. This would meet local desires for fast action. However, it is believed desirable not to rush the study because of the many difficult problems involved.

(b) Complete the study by coastal area units set up in order of priority, and submit reports for these areas as work is completed. This would permit giving first attention to the most urgent cases.

COASTAL AREAS

(a) The New England coast would be divided generally according to the following areas:

Zone:	Priority
Narragansett Bay vicinity, Providence, R. I.	1, 2
Narragansett Bay below Providence, R. I.	1, 2
Connecticut River to Pawcatuck River, Conn.	3
Pawcatuck River to Narragansett Pier, R. I.	4
South Dartmouth to West Island, Mass.	5
New York line to Housatonic River, Conn.	6
Shores Buzzards Bay, West Island, to Woods Hole, Mass.	7
Cape Cod area, Woods Hole to Sagamore, Mass.	8
Housatonic River to Connecticut River, Conn.	9
Coastal area, Newport, R. I., to South Dartmouth, Mass.	10
Cape Cod Canal to Massachusetts-New Hampshire State line	11
Massachusetts-New Hampshire State line to Portland, Maine	12
East of Portland, Maine, to St. Croix River	13

(b) Zone priorities 1 and 2, Narragansett Bay area, vicinity of and below Providence, R. I.: The entire Narragansett Bay area should be studied as a unit as the problem of protecting one section of the area affects other areas within the bay. This section, with an estimated report cost of $800,000, includes the area which suffered major damages from tidal flooding in 1938 and 1954. Several plans will be investigated for protecting all or portions of this area. Foundation investigations are expected to be costly as protective barriers will be considered in areas of deep water where drilling is expensive. A model study of Narragansett Bay will be necessary.

The entire study of the bay area will be complex and difficult due to the intense navigational and recreational use of shores and waters. The study will require 30 months for completion.

(c) Zones priorities 3–13: All of these sections of the New England coast will entail similar investigative procedure. Damage surveys, and topographical and hydrographic surveys will be necessary to provide basic data for consideration of protective structures. The task of collecting basic information will be lengthy and costly due to the length of coastline involved. Some worthwhile projects may probably be found to be justified in each section considered. Model studies will probably be limited to the New Bedford area. In addition, meteorologic studies will be made for the entire area and separate allotments will not be required for each section of the coastal area.

INITIAL STEPS

The following initial steps would be taken:

(a) Conference will be held with the Weather Bureau and other Federal agencies to explain the requirements and to coordinate the work to be accomplished by them.

(b) Additional engineers would be required and obtained for field survey work and office studies and investigations.

(c) Assembly of all pertinent data, including newspaper accounts and reports by others.

(d) Meetings will be held with State and local officials to arrange a basis for their assistance on the study.

(e) Hold public hearings in each of the States. Possibly 15 or more hearings would be required. Locations of hearings would be selected in manner to afford each of the 250 or more waterfront communities in New England an equal and convenient opportunity to present their problems.

TIDAL DAMAGE SURVEYS

The work accomplished for the NENYIAC forms the background for the more detailed investigations which will be necessary. The NENYIAC survey determined the damage areas where future work will be concentrated. In view of the magnitude of the work it will be necessary to organize and train a group of engineers. Eight or more damage survey teams will be employed in the field to determine the magnitude of experienced damages during past hurricanes and to estimate the damage that would be inflicted by future storms of varying intensities. Office engineers will summarize the information, tabulate tidal damages by zone and type and prepare State-damage curves for each zone. It is anticipated that about 70 man-months will be required for the collection and compilation of basic damage data for all areas.

FIELD SURVEYS

Survey parties will be utilized to make topographic and hydrographic surveys, augmenting aerial surveys. A considerable mileage of aerial surveys will be flown in order to minimize the more costly ground surveys. These parties will work in cooperation with the damage parties to establish the normal shore line, delineate the extent of flooding, and fix the location of structures. Detailed site surveys will also be made at locations where further investigations appear warranted. It would be desirable to contract some of this survey work. It is anticipated that the project would

necessitate the preparation of approximately 600 drawings in order to show the extent of flooding in all the coastal communities in the area. This work would require at least 1 year tc complete.

MODEL STUDIES

Model studies will be required of Narragansett Bay and New Bedford Harbor. These studies may be accomplished at the Vicksburg Waterways Experiment Station or at local hydraulic laboratories. Tide and wind conditions will be simulated to determine the effect of structures in various locations under all types of conditions. Particular emphasis will be given to the effects of structures on navigation, pollution, and other uses, under normal and storm conditions. It is anticipated that preparation of the models, the conduct of tests, and interpretation of results will consume 12 to 18 months. It is not proposed to require models which exactly reproduce all the topographical and hydrographical features of the study area. It is believed that conditions can be simulated with less exact models from which valuable information can be derived.

FOUNDATION INVESTIGATIONS

Drilling and sampling to determine foundation characteristics and the most feasible locations for structures will be concentrated in those areas indicated to be economically practicable of protection. It is anticipated that the major part of this work will be undertaken in the Narragansett Bay and New Bedford areas. Deep water drilling will be required in Narragansett Bay. Drilling will be required to a lesser extent in all zones, necessitating frequent moving of men and equipment. Actual field work will be accomplished insofar as possible by contract. Interpretation of results and testing of soil and rock samples will be accomplished in the New England Division Soils Laboratory.

DESIGN OF STRUCTURES

In view of the magnitude of the investigation, design will be handled by several project engineers. Each engineer will be responsible for varying sections of the coast dependent on the anticipated workload. He will coordinate all work in a particular area and will supervise the actual design work to be accomplished by a design unit composed of experienced engineers. All design work will be done in accordance with standard design criteria, consistent with requirements for report purposes. The location of structures will be based on the most economical sites consistent with suitability and protective possibilities. Various types of structures will be investigated to determine the type best suited for site conditions as determined by topographic surveys and subsurface investigations. Tidal barriers, dikes, walls, bulkheads, breakwaters, replacements of sand to raise beaches, are included in the types of work which will be considered. Pumping stations for the removal of interior drainage will be considered at some locations. Various sizes of navigation locks will be investigated, depending on the class and volume of navigation using a waterway under consideration.

EFFECTS OF PROPOSED STRUCTURES ON OTHER USES

Where major structures are proposed on navigable waters such as in Narragansett Bay and New Bedford Harbor, studies will be required to determine the effects of these structures on navigation, pollution, recreation, and existing fisheries. Some of this work will be accomplished by other Federal agencies with allotted funds. Where adverse effects on other uses will result from the construction of protective work, studies will be made to determine what project modifications could be made to lessen these adverse effects. Navigation studies are expected to be of major importance in the Narragansett Bay area with its concentration of heavy shipping and important recreational usage.

SPECIAL STUDIES

This item includes studies for protection of shipping, investigation of prospective locations for the supply of construction materials, zoning studies, and provisions for payment for the services of consulting engineers.

(a) Shipping, including recreational boating is an important activity along the New England coast. Great damage to vessels occurred in the hurricanes of 1938 and 1954. Investigations would be undertaken to determine the feasibility of providing measures to protect this type of property.

(b) Conventional types of protective work require large quantities of stone, sand, and gravel. Considerable investigation will be required to locate suitable sources of material within economical hauling distance of proposed projects.

(c) The possibility of zoning certain portions of the coastal area to prevent future damage will be fully investigated in cooperation with State and local officials.

(d) The services of consulting engineers will be needed to assist in the solution of specialized engineering problems and to advise project engineers in the design of projects.

SHORE EROSION

Past hurricanes have caused extensive erosion to the foreshore above high water line. The erosion has endangered houses, highways, and protective structures. Studies will be made of methods of alleviating the damage. Considerable field work will be accomplished to determine beach profiles, the characteristics of the beaches, and other items. Comparisons will be made of the effects of the 1936 and 1954 hurricanes on problem areas. The entire study will be coordinated with the Beach Erosion Board.

Mr. LANHAM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LANHAM: On page 19, line 19, strike out the figure "$4,310,000" and insert in lieu thereof "$4,490,000" and change the period to a comma at the end of the paragraph and insert the following: "*Provided*, That of said total sum appropriated $180,000 shall be used for a comprehensive investigation of the entire Alabama-Coosa River and a report of said survey."

Mr. LANHAM. Mr. Chairman, I hope I have as many friends as the gentleman from Wyoming [Mr. THOMSON] as indicated by the last vote. My mother's family name was Thomson, and if the gentleman will permit me, I am going to claim I am kin to him, not merely his friend.

Seriously, I am presenting this amendment on behalf of myself and my constituents and the whole Alabama delegation who are if possible more deeply interested in it than even I myself. I am asking for $180,000 to be used to complete a survey that has already been authorized and upon which many thousands of dollars have already been spent. It is an investigation of the feasibility of the construction of power dams and of navigation and flood control on the Coosa-Alabama system.

In 1945 this entire project was authorized and some money was appropriated for this investigation, which has never been completed.

Last year the members of the Alabama delegation and I did an unusual thing. The Alabama Power Co. proposed to build on this river five power dams. We decided that this was one of those projects where it was best for private enterprise to build the dams because of the fact that already the Alabama Power Co. had constructed three power dams on this river system. The gentleman from Michigan [Mr. DONDERO] can tell you what he thought of this project. He expressed his complete approval of it when it was favorably reported by his committee, Public Works. I am sure that it falls right in line with the President's whole program; that is, of a partnership between Government and private enterprise and the localities affected. I think there are large river systems where it is wiser for the Government to make the development; those that are so huge that there are not enough private funds available or where the Government can do a better job. But in this case, the Alabama Power Co. had the capital ready to invest and to start construction of these dams. We approved, and secured the passage of a bill making it possible for the power company to proceed.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. JONES of Alabama. The purpose of the gentleman's amendment is to see that the navigation studies are carried out concurrently with the studies made by the Alabama Power Co. for the development of the flood-control features and the generation of hydroelectric power.

Mr. LANHAM. The gentleman has stated it better than I could.

Mr. JONES of Alabama. And if they proceed concurrently, it will mean ultimately a lower cost of construction by the Federal Government.

Mr. LANHAM. The gentleman is entirely correct. It will cost much less to build these locks as the construction of the power dams proceeds.

Mr. Chairman, we are not asking you to authorize money to construct these locks and to take care of the flood control. As a matter of fact, the Army en-

gineers have insisted that the Alabama Power Co. take care of much of the flood control as well as the construction of the power dams.

Mr. Chairman, we are not asking you to give us money to do any construction, but we do want to have this survey completed so that we can convince this great Committee on Appropriations and the Members of the House that this construction on the locks and certain necessary dredging should proceed along with the construction of the power dams.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. JONES of Alabama. The original survey was approved, and the authorized project was approved for navigational features in 1945?

Mr. LANHAM. That is correct.

Mr. Chairman, the President has referred in his state of the Union message to this project and has said it meets his ideas of how river developments should be made. I hope you are going to grant us this money. Time is important and if we are to have the construction of the navigation locks proceed as the power dams are built, we must have the survey completed as quickly as possible. The Alabama Power Co. expects to begin construction before the end of the year.

Mr. BOGGS. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. BOGGS as a substitute for the amendment offered by Mr. LANHAM: On page 19, line 19, strike out "$4,310,000" and insert in lieu thereof "$5,190,000"; change the period to a comma at the end of the paragraph and insert the following: "*Provided*, That of said total sum $180,000 shall be used for a comprehensive investigation of the entire Alabama-Coosa River and a report of said survey."

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Georgia.

Mr. LANHAM. Does the gentleman's substitute include the amendment I offered?

Mr. BOGGS. It does, in the exact sum of $180,000.

Mr. LANHAM. I will be glad to accept the substitute.

Mr. BOGGS. This amendment covers the general subject of surveys, investigation, and planning by the Corps of Engineers. It actually affects every potential project in the entire United States. The necessity for it is quite obvious, and I hope I shall not have to take 5 minutes to convince you of it.

Under the figure adopted by the committee, the amount was increased by $405,000 for planning and investigation, but at the same time the committee specified and designated certain projects. Possibly I should read those to you. It will take only a minute. For instance, there is $1 million, which is the biggest part of it, on the hurricane project authorized by the 84th Congress. In addition, there is the Columbia River, $220,000; Pigeon Creek, Ind., $10,000; Lorain, Ohio, $20,000; Kentucky River, $20,000; Maumee River, Ind. and Ohio, $30,000; and so forth. The total is $1,355,000, which means that the committee failed by the sum of $700,000 to include sufficient funds to cover the items which it specifically designated for survey and investigation purposes.

We have checked with the proper authorities and it is estimated that this can be done with an additional $700,000. The $180,000 in the Lanham amendment bring the total increase to $880,000. That is still less than the total increase of $1,355,000 in obligations as authorized in the committee bill. I believe all of you understand the processes which must be complied with before a project can actually become a reality. Planning is step No. 1. Planning affects every area of the United States. I believe that these funds are completely necessary and that the expenditure is completely justified. If this amendment is not voted, then it means that many of these small survey projects of $10,000, $20,000, $30,000, and $40,000 must inevitably be eliminated. I trust the committee will accept the amendment.

Mr. SELDEN. Mr. Chairman, the substitute amendment offered by the gentleman from Louisiana [Mr. BOGGS] will include in the 1956 public-works appropriation bill, among other items, the sum of $180,000 for a shipping survey on the Alabama-Coosa River system.

The Coosa River, which forms the greater part of the eastern boundary of the district I have the privilege to represent, is one of the greatest undeveloped rivers in this country. For more than a century efforts have been made to develop this waterway. As early as 1872 the Federal Government instituted the first improvement program on the Coosa. The plans called for development of navigation on this river from Rome, Ga., to Gadsden, Ala., by the building of 31 low-lift locks and dams. However, only locks 1, 2, 3, and 4 were built on the upper end of the rapids below Rome. In 1890 the Government abandoned its program due to lack of funds.

Later the Alabama Power Co. obtained permission from the Federal Government to build three dams on the Coosa River. The first of these, Lay Dam, was authorized in 1907 and completed in 1914. Mitchell Dam was completed in 1923 and Jordan Dam was ready for use in 1926. These dams, the only ones on the Coosa River at the present time, have been operated as a source of electric power by the Alabama Power Co. since their construction.

In the Rivers and Harbors Act of 1945, Congress vested authority for the further development of the Coosa exclusively in the United States Corps of Engineers. As a result, the Federal Power Commission was deprived of the authority to issue the necessary permit and license for the construction of additional dams on the Coosa Waterway.

Although the members of the Alabama delegation, as well as our distinguished colleague, the gentleman from Georgia [Mr. LANHAM], made every effort to secure an appropriation so that the Corps of Engineers might begin construction on locks and dams for the Coosa, it was impossible to do so. This was due primarily, I believe, to the tremendous cost involved.

In 1953 the Alabama Power Co. announced publicly that they were willing to construct 5 additional dams on the Coosa River to be financed by private capital at a cost of approximately $100 million. Realizing the improbability of obtaining Federal funds for the overall development of the Coosa, the majority of our delegation from Alabama and the gentleman from Georgia [Mr. LANHAM] introduced identical legislation that has cleared the way for this tremendous construction program on the Coosa River. This legislation granted to the Federal Power Commission the authority to issue the Alabama Power Co. the necessary permit and license to construct these five additional hydroelectric dams.

Since the passage of this legislation the Alabama Power Co. has moved rapidly forward with its surveys and plans, and I have reason to believe that construction of one or more of the Coosa River dams will begin within the next 12 months.

Now that private capital is to be used to pay for the construction of the remaining dams needed on the Coosa River, we hope it will be economically feasible for the Federal Government to add the necessary navigational facilities. The legislation giving the Alabama Power Co. permission to build dams stipulates that the company shall also take the necessary steps to make provision for the addition of navigation facilities at each of the dams. Under the terms of the measure, it is obviously anticipated that the Federal Government and the Alabama Power Co. will share in the full development of the Coosa.

As you know, President Eisenhower has stated publicly his belief in treating resource development as a partnership undertaking, and he has used the Coosa River project as an example of such a partnership project. In his state of the Union message on January 6 of this year he described a partnership undertaking as, and I quote:

A partnership in which the participation of private citizens and State and local governments is as necessary as is Federal participation.

The President further stated:

This policy has encouraged local public bodies and private citizens to plan their own power sources. Increasing numbers of applications to the Federal Power Commission to conduct surveys and prepare plans for power development are evidence of local response. The Federal Government and local and private organizations have been encouraged to coordinate their developments. This is important because Federal hydroelectric developments supply but a very small fraction of the Nation's power needs. Such partnership projects as Priest Rapids in Washington, the Coosa River development in Alabama, and the Markham Ferry in Oklahoma already have the approval of this Congress.

I realize, of course, that there can be no Federal appropriation this year for constructing the locks at the 3 existing dams and at the 5 dams which are to be built by the Alabama Power Co. on the Coosa. However, believing it will

be much more economical to build the locks at the same time the new dams are under construction, I urge the House to approve the necessary funds for a shipping survey of the Coosa River. If the survey shows that the addition of navigational facilities is economically feasible, then the Corps of Engineers will be in a position to make their recommendations in time for 1957 budget consideration.

Mr. ROBERTS. Mr. Chairman, I would like to urge the Members of the House to approve the substitute amendment now before this body, to provide $180,000 so that the Corps of Engineers may make a navigation traffic survey of the Alabama-Coosa Rivers.

In my opinion it is only good business sense for the House to appropriate this sum of $180,000 to make such a survey, and I would like to explain why.

In the Flood Control Act of 1945 Congress authorized the construction of 3 dams, 2 for power and 1 for flood control, to be built between Montgomery and Mobile. The funds authorized for these three dams totals nearly one-half billion dollars. There has been no survey made in recent years to determine whether or not locks should be built in the dams in order to make the river navigable.

Certainly before the Government goes ahead with any of its proposed dams costing the taxpayers half-a-billion dollars, it is only sensible to make an adequate survey of the navigation needs of the river so that all the future work may be coordinated. Through such advanced planning we can, in the long run, save money and accomplish more work in behalf of all the people. I submit to you that the sum provided for in this amendment, $180,000, for making an intelligent and planned survey is less than .04 percent of the total moneys already authorized by Congress to be spent on the three dams. Indeed this sum seems like a small proportion of the total to spend in order to prevent future headaches and expensive errors.

Now, in addition to the proposed 3 Government dams, there are also 5 dams to be built in the northern portion of the river by private utilities. The estimated cost for these additional 5 dams is approximately $100 million. These dams are to be completed within 10 years after the start of the first dam. It is expected the first dam will be begun sometime soon within this next year.

Certainly with the tremendous construction work expected to be done in the Alabama-Coosa River Basin in the near future, it only seems like good business sense to me to make an appropriation of the money needed, to make an up-to-date survey of the river system so that we can accomplish the maximum amount of good with the greatest efficiency and at the least expense.

I should also like to state to the House that there is every good reason why this river system and its surrounding valley should be developed and developed properly. This river and its basin perform a vital role in both peace and war. The entire river valley has been expanding within the last 10 years. There are now almost 1½ million people in the river basin. Industry has been expanding at an extremely rapid rate. For example, one can cite the number of big companies which have established plants in this area because the basin contains the resources of manpower, hydroelectric power, and raw materials, all vital for the rapid, easy advancement of industry. The companies I refer to are ones such as Goodyear, Republic Steel, General Electric, Monsanto Chemical Co., Avondale Mills, Alabama Mills, Allis-Chalmers, and the Coosa River Newsprint Co. There is also the Childersburg Powder plant which played such an instrumental role during the war, and now reactivated, which sprawls along the banks of the Coosa River which plays an important part in the movement of the materials to and from this powder plant.

Every dollar spent in this project and development of the navigation potential of the river, will bring more than its own value in return. It is estimated that all the river and harbor and flood-control programs accomplished to date by the Corps of Engineers have returned to the Nation more than $2 in value for every $1 expended.

I urge the House to approve the amendment—Boggs substitute—to provide the funds for the survey of this river.

Mr. DEANE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DEANE. Mr. Chairman, I wish to say a few words about the Corps of Engineers of the Department of the Army, the Federal agency which Congress has charged with administration of the Federal program for navigation and flood control.

I have followed closely the progress of the hearings before the Appropriations Committee on the public works appropriation bill for fiscal year 1956. It is my opinion, and I believe it is concurred in by other members of the Appropriations Committee of the House, that the Corps of Engineers has made a superior presentation and support of the civil works part of the President's budget. Their testimony has been clear and straightforward, and they have been most helpful to the committee in every way.

As most of you know this organization has been charged with carrying out the navigation improvements authorized by Congress since 1824. For a much shorter time, essentially since the adoption by Congress of the flood-control program for the alluvial valley of the Mississippi River in 1927, the corps has been responsible also for flood control and related water resource developments. Under congressional authorizations this work has grown to be a major segment of the Federal public works activity.

It is a most essential and worthwhile program. I believe that development of our water resources is one of the important activities in which the Federal Government can participate. And from my experience I feel that the Corps of Engineers is doing an excellent job in carrying out the mandates of Congress in its conduct of this work.

The corps is an organization which continues through various national administrations. It is not subject to political changes. It does not espouse causes or promote projects and policies; but it provides the administration and the Congress with recommendations and advice based upon sound engineering and economic principles. In its studies of water resources projects the corps gives full consideration to State and local views. It does not follow the bureaucratic approach and seek to impose its will on local agencies.

I feel that the corps should be recognized for what it is—a valuable asset to the Congress and to the Federal Government, which is badly needed if we are to legislate soundly for water resources development in this country.

Mr. Chairman, I commend the action of the committee in restoring funds for several investigations by the Corps of Engineers as described on page 19 of the bill. We can depend on the engineers to do a commendable job and in the best interest of all the country.

I rise to support the amendment offered by the gentleman from Louisiana [Mr. BOGGS].

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Louisiana [Mr. BOGGS].

The substitute amendment was agreed to.

The CHAIRMAN. The question is on the amendment of the gentleman from Georgia [Mr. LANHAM], as amended by the substitute.

The amendment, as amended, was agreed to.

Mr. MARSHALL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Amendment offered by Mr. MARSHALL: On page 19, line 21, after "P. L.", insert "71."

The CHAIRMAN. Without objection, the amendment is agreed to.

There was no objection.

Mr. CRUMPACKER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CRUMPACKER: On page 19, line 21, after the word "Congress", strike the period, add a colon and the following language: *"Provided, however,* That none of the funds appropriated herein shall be used for a continuation of a general investigation of the Burns Waterway in Indiana."

Mr. CRUMPACKER. Mr. Chairman, the item which this amendment refers to is found on page 49 of part 1 of the eastern section of the hearings. It is listed as "Indiana, Burns Waterway, $15,000," tentative allocation for the fiscal year, 1956. That is the sole and only reference to this item. There is no further explanation or justification. I can readily understand the silence of the record in this matter, for there is no justification for this item. What it involves is a proposal that has been kicked around for some 30-odd years to carve a new harbor out of the southern shores of Lake Michigan. For some 20 years the Army engineers turned this down with a flat "No," saying that there was no economic justification for it. In recent years, they

have done an about-face and have said that possibly there could be an economic justification for it. The reason for their turnabout is that the question of Indiana coal has been thrown into the picture. A group of Indiana coal-mine owners and coal dealers have gotten together in an association and have persuaded a succession of Indiana governors and the Indiana Harbors Commission, which is comprised primarily of themselves, that there is a great market for Indiana coal for shipment up the Great Lakes if they just had a harbor through which to ship it. It just so happens that any Indiana coal to be shipped from Lake Michigan must reach the lake by rail and all of the rail lines from the coal mines of Indiana touch the shores of Lake Michigan at two points—the South Chicago area and at Michigan City. At the present time in the South Chicago harbor area, there is a coal-loading facility which has never operated at more than 50 percent of capacity.

It also just happens that three times the amount of coal passes into Lake Michigan from the north as goes up the lake from south end ports in any given year. The plain and hard fact is that there is no market for such Indiana coal. If there was, it could already have been developed more economically through South Chicago Harbor than it could through Burns Ditch, which would require an additional shipment of 30 miles by rail before the coal could be placed on a boat.

Burns Waterway is not an existing waterway in the ordinary sense of the word. Burns Ditch is an old drainage ditch built to drain an inland swamp. Its depth is 2 feet at the lakefront. The latest revised scheme for the construction of this harbor does not even propose to use the ditch. It proposes to go a quarter of a mile farther east and carve a complete new harbor out of the lakefront, where there is no indentation of any sort, no facilities, and no reason in the world to build a harbor except that a lot of people own real estate there and would like to develop it and make money at the expense of the taxpayers.

The Indiana Legislature was asked to appropriate some three and a half million dollars to purchase some of this land, and the legislature turned it down. Indiana has had a public harbor on Lake Michigan since it was admitted as a State. In fact, the northern boundary of the State was moved north some 10 miles so that it would have a public harbor on Lake Michigan. That harbor is located at Michigan City. This harbor could be improved to accommodate seagoing vessels at a very low cost compared to this project.

Mr. MARSHALL. Mr. Chairman, will the gentleman yield?

Mr. CRUMPACKER. I yield.

Mr. MARSHALL. The committee on this side has been reviewing this project as it was presented to us. We realize there is considerable controversy over it. It was a small item, and as far as we are concerned on this side, we are willing to accept the gentleman's amendment.

Mr. CRUMPACKER. I thank the gentleman for his statement.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. CRUMPACKER. I yield.

Mr. TABER. As far as I am concerned on this side, I was on the panel that considered the matter, we would accept the gentleman's amendment.

Mr. WILSON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. CRUMPACKER. I yield.

Mr. WILSON of Indiana. I want to say that I am not willing to accept it, and I am going to put up a fight on this side of the argument. I want to correct some half-truths.

Mr. CRUMPACKER. I appreciate the fact that the gentleman from Indiana [Mr. WILSON], being from southern Indiana, several hundred miles from Lake Michigan, is a great authority on the subject.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. HALLECK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I must say that I am disappointed at this turn of events, to put it mildly. The matter of a public harbor for Indiana has been an active issue in my State for a long, long time.

The State of Indiana, when Paul McNutt was Governor, was undertaking to get this harbor built. Ex-Governor Schricker was for it. The present Supreme Court Justice Minton, when he was in the United States Senate, was for it. I appeared and testified for it. To undertake to shut it off now would be grossly unfair, as far as a great State is concerned. We have no real public harbor on our shore of Lake Michigan. The seaway is to be built. Every Member of the Congressional Delegation, except the gentleman from the Third District [Mr. CRUMPACKER] is for this project. Our two Senators are for it. Our Governor is for it. The State of Indiana created a board of public harbors and terminals to carry forward if and when the project is approved and the money allocated to build it.

Mr. CRUMPACKER. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. No, I do not yield.

I am astounded at this juncture, when the survey is nearing completion, when so much interest exists in the State of Indiana, that this sort of action would be undertaken. For years I have been exhorted to work for a specific allocation of funds to complete this survey.

I have taken the position with the committee that you should not have specific allocations. That is what you say in the report this time, so I have refrained from undertaking to bring about a specific allocation even though people in my area insist that I do it.

This is not just a matter involving CHARLIE HALLECK and the second district; this, in fact, is a project for the whole State of Indiana, for my State has a vital interest in it and has expended thousands and thousands of dollars to further the proposal. It stands ready to spend a lot more money to develop a port and harbor by which my State like other States on the Great Lakes may have access to the great inland waterway, the Great Lakes.

So I say that it certainly would be most unfair. I think this is the first time I have ever appeared on the floor of the House in my 20 years to speak specifically of a matter involving my own congressional district. This time, however, while it involves my district, it involves beyond that, the whole State. Let me emphasize: It is a project that has been supported by appearances before the Army engineers, by petitions that the survey be completed and reported upon favorably, signed by Democrats and Republicans alike, every member of the delegation except the gentleman from the Third District who has the Michigan City harbor.

Mr. CRUMPACKER. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. CRUMPACKER. If the gentleman states that the whole State of Indiana is in favor of it except the representative from the Third District, will the gentleman explain why the legislature turned down the request for funds this year?

Mr. HALLECK. I will explain that very briefly: The funds were not appropriated by the Indiana Legislature because the survey has not been completed. The legislature, at the request of the Governor, was ready to appropriate several millions of dollars to do the work necessary to complete this work. Since the survey had not been completed however, the legislature said they would not at this time appropriate the money. That makes sense, and it is certainly no reason to indict the project. Again I say, I am sorry the gentleman from Indiana has seen fit to precipitate this issue, because it runs counter to the general interests of our State.

I do not know about the attitude of the gentleman from Minnesota [Mr. MARSHALL]. He said that as far as he was concerned the committee would take it. I do not know whether the gentleman from Missouri understood what this amendment would do, but I submit that to adopt the amendment would not only be a slap in the face to the people in my State and to the people, Democrats and Republicans, who have for 20 years or more insisted in public hearings and on other occasions, that we should have this harbor. I cannot understand the argument that the survey which is nearing completion should not be completed. This amendment is an irregular sort of operation which should not be resorted to under these circumstances.

Mr. MARSHALL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not believe that on a matter where there is so much controversy within a State, as there seems to be within the State of Indiana over this particular item, that the Congress ought to inject itself into it.

The facts presented to us by the Bureau of the Budget were that the total estimated cost to complete this project is $37,000. The allocation for this year will not complete the project. It would require an additional $11,000 after 1956 to complete it, almost one-third of the

total survey cost. Therefore it seems to me, since there is this controversy, that the State of Indiana ought to resolve its differences before Congress acts on this appropriation.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. Gladly.

Mr. HALLECK. There are no real differences in the State of Indiana, may I say in all humility to the gentleman, except as indicated by the opposition of the gentleman from the third district by reason of his interest in the Michigan City harbor.

May I say to the gentleman that there were no differences, and have not been except this one. We have created this commission which has been operating for years; we have put up our money. The State of Indiana is for this project except for this one objection, the reason for which I think is very obvious.

Mr. MARSHALL. I am very pleased to have the opinion of the distinguished gentleman from Indiana; however, I understood that your State legislature did not make an appropriation for the project this year.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. This is a very small item in the bill.

Mr. HALLECK. Of course it is.

Mr. MARSHALL. We do not want to inject ourselves into the affairs of the State of Indiana.

Mr. HALLECK. It was not within my power to say to the gentleman from the Third District that he should not offer the amendment. All I can say to the gentleman is that the State of Indiana is back of this project. The fact they did not appropriate $3½ million at this session of the legislature is a result of the fact that the survey has not been completed. The fact that it was under consideration, however, and that so much money has already been spent ought to be clear evidence of the fact that the State of Indiana is back of this project. For the Congress at this juncture with a stop provision knocking out the $11,000 for a project which there is so much interest would be an insult to the people of Indiana.

Mr. DAVIS of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. I yield to the gentleman from Wisconsin.

Mr. DAVIS of Wisconsin. I did not sit on the particular panel which held hearings on this project, but I do want to say that, speaking from my experience in the years in which I have been familiar with this work, it would be quite unusual for us in an item where we do not have earmarking of specific projects for investigation and survey, to come forward now in the midst of the investigation and survey and say: "Stop it, do not do any more, do not find out whether this is a meritorious project or not." They might find it is a good project but might interfere with some other project. I think it would be unusual and unfair to take that action at this time; therefore, I would say that the amendment ought not be adopted. I do not think that any inference should be created by reason of the failure of the legislature to appropriate money now because if I had been a member of that legislature I would say: Do not appropriate money for something we do not have the examination and survey completed on.

I think their action was completely proper and was completely consistent with going forward with this survey. I believe the amendment should not be adopted.

Mr. RABAUT. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. WILSON].

Mr. WILSON of Indiana. Mr. Chairman, in speaking on the pending amendment, may I say that there are a lot of little towns and hamlets on Lake Michigan that have places for yachts. You might call them harbors or something else. No doubt they would be happy to have a port of Indiana located in their particular area. But, I do not think they are entitled to oppose the State of Indiana having a port in view of the development of the St. Lawrence Seaway simply because they cannot have it in their hometown. Now, I helped the Corps of Engineers make the first survey that was made of Burns ditch 30 years ago. I worked on that project, and there never has been any other place in Indiana on Lake Michigan considered for the port of Indiana. It was not considered a bad place; it was considered the best place and the most ideal place in the State of Indiana at that time for a port, and it is still so considered. Burns ditch is considered by the State of Indiana, as well as the Corps of Engineers as the ideal or the most logical location, and we are only asking for money in this bill to continue that survey to substantiate previous data and previous developments. To say that the State of Indiana is not back of it is just about as wrong as a man can possibly be. The State legislature did oppose the Governor on several items in his program but not because they were not worthwhile items. It was for other reasons: Who was to build the harbor, who was to be responsible for the construction of it, who was to build the toll roads in Indiana. Indiana is presently projecting plans for toll roads leading up to Burns ditch which is to be the Port of Indiana and perhaps the port on Lake Michigan for the St. Lawrence Seaway. Indiana is united, and I hope that we will stick by the committee and support this program as it is projected in this bill.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. BRAY].

Mr. BRAY. Mr. Chairman, this matter is rather simple, and I think we are making it altogether too complicated. Indiana does want a harbor on Lake Michigan, and this money for this survey was placed in the budget and approved by the committee to determine the feasibility of a harbor at this location. It would have been unsound for the State of Indiana to have appropriated $3 million before this survey was made. If this survey shows that this harbor project should not be built there, it would be foolish for the State of Indiana to spend the money. There is no way to know if this harbor is feasible until this survey is made. The item only involves, as I say, $11,000, a very small amount. If this survey shows that the port should be built at this location it should be done; if not, I would be the first one to oppose it. But, you cannot know that until the survey is made. All we are asking is that this small amount of money be left in the bill to determine whether the project is sound. I respectfully request that this amount of $11,000 be left in the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. BOLAND].

Mr. BOLAND. Mr. Chairman, I must admit as a member of this panel that I am as confused as are the other Members of this House. I do know this: I do know that there is no testimony in the hearings except the table on page 48 pertaining to the eastern section. I do know that the gentleman from Indiana who sponsored the amendment did not appear before the committee. This is the first time I had any knowledge of the purpose of the item in the budget, and I think that the amendment ought to be voted down. I think the arguments advanced by the Members from Indiana, outside of the sponsor of the amendment, indicate that the people of Indiana want it.

Mr. CRUMPACKER. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Indiana.

Mr. CRUMPACKER. The gentleman has stated that there was no testimony indicating what the item was or any justification for it. I thought that it was necessary to prove the need for an item rather than the lack of need for an item.

Mr. BOLAND. It is my understanding that when items appear in a budget, those who are interested make an effort to appear, as well as those who are opposed make an effort to appear before the panel. The gentleman did not appear and I assumed he was in favor of it.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, a while ago I thought there was no objection to this being stricken out. I agreed with the gentleman from Minnesota [Mr. MARSHALL] that it should go. But the facts have come out and as far as I am concerned I shall feel obliged to vote against the amendment and to keep the small item in the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. CRUMPACKER].

The amendment was rejected.

The Clerk read as follows:

CONSTRUCTION, GENERAL

For the prosecution of river and harbor, flood control, shore protection, and related projects authorized by law; detailed studies, and plans and specifications, of projects (in-

cluding those for development with participation or under consideration for participation by States, local governments, or private groups) authorized or made eligible for selection by law (but such studies shall not constitute a commitment of the Government to construction); and not to exceed $900,000 for transfer to the Secretary of the Interior for conservation of fish and wildlife as authorized by law; to remain available until expended, $322,262,800: *Provided*, That funds appropriated herein may at the discretion and under the direction of the Chief of Engineers be used in payment to the accounts of the Confederated Tribes of the Yakima Reservation; the Confederated Tribes of the Warm Springs Reservation; the Confederated Tribes of the Umatilla Reservation; or other recognized Indian tribes, and those individual Indians not enrolled in any recognized tribe, but who through domicile at or in the immediate vicinity of the reservoir and through custom and usage are found to have an equitable interest in the fishery, all of whose fishing rights and interests will be impaired by the Government incident to the construction, operation, or maintenance of the Dalles Dam, Columbia River, Wash. and Oreg., and must be subordinated thereto by agreement or litigation: *Provided further*, That not to exceed $2 million of the funds provided herein shall be available for the construction of small authorized projects selected by the Secretary of the Army, the cost of which is not in excess of $150,000 and any such project shall be completed within the funds herein appropriated: *Provided further*, That the Corps of Engineers may accept not to exceed $3 million from local interests for prosecution of construction of the authorized project at Brays Bayou, Harris County, Tex., and not to exceed $190,000 for construction of the authorized project at Green Bay Harbor, Wis.

Mr. NATCHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. NATCHER: On page 20, line 8, strike out "$322,262,800" and insert in lieu thereof "$368,969,800."

Mr. NATCHER. Mr. Chairman, this amendment would restore to the bill those items for the Corps of Engineers' planning and construction funds approved by the Bureau of the Budget, but eliminated by the committee. This includes a number of items of vital importance to every section of the country. There are two items of major importance to my State of Kentucky.

This amendment adds $46,707,000, as follows:

Construction, general, items reduced by the committee

	Amount of reduction
Navigation:	
Mobile Harbor, Ala	$500,000
Arkansas River and tributaries, Arkansas	200,000
Tampa Harbor, Fla	477,000
Greenup lock and dam, Kentucky and Ohio	100,000
Gulf Intracoastal Waterway, Algiers Cutoff, La	513,000
Cleveland Harbor, Ohio	300,000
Flood control:	
San Antonio Reservoir, Calif	200,000
Anacostia River, D. C. and Md	250,000
Central and Southern Florida	3,300,000
Lucky Peak Reservoir, Idaho	250,000
East St. Louis and vicinity, Illinois	285,000
Vincennes, Ind	84,000
Coralville Reservoir, Iowa	500,000
Missouri River Agricultural Levees	200,000
Wichita and Valley Center, Kans	200,000

Construction, general, items reduced by the committee—Continued

	Amount of reduction
Flood control—Con.	
Barbourville, Ky	$50,000
Adams, Mass	200,000
Red River of the North, Minn. and N. Dak	250,000
Havre, Mont	100,000
Oklahoma City Floodway, Okla	260,000
Texarkana Reservoir, Tex	500,000
Multiple-purpose:	
Jim Woodruff lock and dam, Florida	120,000
Buford Dam, Ga	1,830,000
Gavins Point Reservoir, Nebr. and S. Dak	1,950,000
Garrison Reservoir, N. Dak	2,000,000
The Dalles Dam, Oreg. and Wash	5,500,000
Oahe Reservoir, S. Dak	2,000,000
Cheatham lock and dam, Tennessee	360,000
Old Hickory lock and dam, Tennessee	75,000
Chief Joseph Dam, Wash	2,000,000
Lower Columbia Fish Sanctuary	500,000
Overall reduction, not specified as to project	15,000,000

Construction, general, items eliminated entirely by the committee

	Budget estimate
Construction:	
Plaquemine-Morgan City Route, La	$1,260,000
San Antonio and Chino Creeks, Calif	700,000
Portneuf River and Marsh Creek, Idaho	500,000
Jackson, Ky	246,000
North Adams, Mass	750,000
Ferrell's Bridge, Tex	2,450,000
Lookout Point, Oreg	200,000
Advance engineering and design (planning):	
Port Heuneme, Calif	70,000
Calion, Ark	40,000
Columbia River, Local Protection	68,000
Pine Canyon Reservoir, Nev	65,000
Two Rivers Reservoir, N. Mex	50,000
Johnson Creek, Oreg	35,000
Kettle Creek Reservoir, Pa	40,000
Reynoldsville, Pa	37,000
Navarro Mills Reservoir, Tex	50,000
San Antonio, Tex	100,000
Lower Cumberland lock and dam, Kentucky and Tennessee	200,000
John Day Dam, Oreg. and Wash	500,000
Hills Creek Reservoir, Oreg	10,000
Restudy:	
Levees East of Chandlerville, Ill	12,000
Degray Reservoir, Ark	70,000

Since I have been a Member of Congress, and especially since the time that I was named a member of the Committee on Appropriations, I have witnessed fierce battles on the floor of this House over relatively small amounts appropriated for vocational education, and for our school lunch program. These programs were for our people in this country.

Amounts appropriated for such projects are of great benefit to the people in this country, and I think that it behooves every Member of this House to remember that our obligation is first to the United States of America, our States and Territories and our people generally. I, for one, am more interested in the welfare of California, Florida, Maine, and Michigan than I am in certain foreign countries which will receive millions upon millions of our money each year under our mutual-security program. It is with reluctance that I, as a member of the Committee on Appropriations, stand opposed today to certain sections of the bill brought to the floor of the House by the Public Works Subcommittee of the Committee on Appropriations, but I feel that it is my duty to offer this amendment, because I sincerely believe that a grave injustice has been done to many sections of the United States in curtailing our public-works program. Thousands upon thousands of dollars have been expended upon these projects in surveying and planning, and the Corps of Engineers, in its careful and diligent manner, has screened these projects, recommending same as economically sound and projects which would be of great benefit to the United States generally. The Bureau of the Budget has carefully screened these projects and has recommended same to the President of the United States, who, in turn, approved and recommended all of the projects contained under title III, known as the Department of the Army civil functions section of the bill. I say to you quite frankly that this is no time to attempt to balance the budget at the expense of the American people. I realize full well that certain pledges have been made along this line, and I, too, believe that our budget should be balanced, but attempting such action in this bill is a mistake.

The committee report makes the statement that this bill contains appropriations amounting to $1,285,746,242, a reduction of $503,418,758 in the budget estimates, and $578,183,358 below similar appropriations for fiscal year 1955. In my opinion, the Committee on Appropriations certainly should receive no joy from making such a statement when every dollar of this money affects the American people and would bring great benefits to our people.

The committee further points out in its statement that a reduction of $39,204,200 is made in the Department of the Army civil functions section of the bill. Every dollar of this amount should have been appropriated, and every dollar of same would have been beneficial to our people. This amount represents projects approved by the Corps of Engineers, the Bureau of the Budget, and the President of the United States.

Two of the projects deleted were approved for the State of Kentucky. The first project is located in the district of my colleague and friend, NOBLE J. GREGORY, who for a period of over 20 years has consistently cast his vote for beneficial public-works projects scattered throughout the United States and its Territories. This particular project is designated as the lower Cumberland River project, and same was authorized under the rivers and harbors omnibus bill of 1954. The lower Cumberland Dam would be located at mile 30.5 in the general vicinity of Grand Rivers, Ky., and would provide for flood control, improvements for navigation and power production. The Cumberland River is a stream of great importance to the States of Kentucky and Tennessee, and it has been

in the process of development for quite a number of years. The lower Cumberland Reservoir would be connected by an open canal with the Kentucky reservoirs on the Tennessee River. This canal would permit the two reservoirs to be operated at the same levels and to function as one.

The lower Cumberland Reservoir and connecting canal will afford great flood protection on the lower Ohio and Mississippi Rivers. The canal would provide shorter navigation routes. This project has a benefit-cost ratio of 1.38 to 1.

The maximum controlled reservoir level would be of elevation 375 feet, and the normal operation range would be between 359 feet and 354 feet. This project has the approval of the States of Kentucky and Tennessee, the Corps of Engineers, the Bureau of the Budget, and the President of the United States. Navigation will be improved through the use of a 9-foot channel, and the project is so planned as to connect the Tennessee and Cumberland Rivers by the proposed canal.

The budget submitted to this Congress called for an expenditure of $200,000 for planning and survey, and same should not have been deleted by the Public Works Subcommittee of the Committee on Appropriations.

Mr. MARSHALL. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. NATCHER. Mr. Chairman, I thank my friend, the gentleman from Minnesota for assisting me in obtaining this time.

The second project deleted, and which is of great importance to the State of Kentucky is the project designated as the Jackson cutoff project which would be located at Jackson, Ky. This project is located in the district of my colleague and friend, CARL PERKINS, who represents a mountain district with thousands of people unemployed today. In the 13 counties in this district approximately one-fourth of the people are drawing surplus commodities. This situation is in existence in our country. My friend, CARL PERKINS, has for a period of some 7 years consistently cast his vote for all worth-while public works projects in the other States of our country.

This project was authorized by Congress in the year 1944, and would reduce flood height at Jackson, Ky., some 4 to 6 feet, eliminating 75 percent of the estimated damage received from floods. Jackson, Ky., has been flooded some 12 times in the past 20 years, and the Jackson cutoff eliminates the elbow bend in the Kentucky River which, according to the Corps of Engineers, contains some 6 miles. A cut will be made through the narrow neck of an oxbow loop which circles approximately 6 miles and returns to within 150 feet of the beginning of the loop. On several occasions since the year 1937 the Kentucky River at this point has flooded the streets of Jackson, Ky., with the water being 4 to 6 feet in depth. This project has a cost ratio of 1.5 to 1, and is approved by the State of Kentucky, the Corps of Engineers, the Bureau of the Budget, and the President of the United States.

The two above projects should be restored to this bill. These projects will be of great benefit to the State of Kentucky, and the United States generally. I sincerely hope that my amendment is adopted.

Mr. RABAUT. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. RABAUT to the amendment offered by Mr. NATCHER: Strike out "$368,969,800" and insert "$338,969,800."

Mr. RABAUT. Mr. Chairman, the amendment offered by the gentleman from Kentucky adds $46,707,000. Only $16,707,000 more is needed to effect the object which he has in mind. The reason for that is this. This amendment completely ignores the unobligated balances available to the corps. Chiefly from favorable contract awards, a minimum of $30 million from unobligated funds will be available for work on this program next year.

I am not trying to damage the gentleman's amendment, but there is a balance here of $30 million that can be added, which will make available the very amount he is asking. Contract awards by the corps in the past few months will add even more to this amount. Sizable contracts, totaling millions of dollars, have been awarded, with bids being in some instances over 50 percent under the Engineers' estimates.

No one really considers these funds except the committee, partly because the information was not available until the committee hearings. So if my amendment to the amendment prevails, the amount that the gentleman added, namely, $46,707,000, will be available when we add the unobligated funds to the amount of the amendment I have just suggested, which gives an additional appropriation of $16,707,000.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield.

Mr. CRAMER. On page 15 of the Public Works appropriation report, it shows that $15 million was deducted from the amount that the committee would otherwise have appropriated, as a result of unobligated balances. Does the amount that you have suggested take that into consideration?

Mr. RABAUT. I have just read to you "sizable contracts, totaling millions of dollars have been awarded with bids being, in some instances, over 50 percent under the Engineers' estimates." This constitutes a savings.

I have no ambition to do any damage to the gentleman's amendment.

Mr. CRAMER. Will the gentleman yield further?

Mr. RABAUT. I yield.

Mr. CRAMER. If in fact the $30 million unobligated balance was there, why was that not taken into consideration at the time this report was drawn up?

Mr. RABAUT. It is a more recent estimate and on projects not in the budget.

Mr. CRAMER. Could the gentleman tell me when this information was received?

Mr. RABAUT. The $15 million was on budgeted projects.

Mr. CRAMER. The $15 million I referred to appears on page 15 of the report, which is entitled, "Reduction Based on Unobligated Balances and Recent Contract Awards." Is that not the same subject matter you are presently discussing?

Mr. RABAUT. The $30 million is from unbudgeted projects. The $15 million referred to was on the basis of budgeted items only.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield.

Mr. HARRIS. I am in sympathy with what the gentleman is trying to do, but I am apprehensive about what his amendment will do.

On a former appropriation bill I asked the specific question about a certain project and I was told that the unobligated balance would permit the engineers to take care of it. Then, after the Congress had acted, I took it up with the Corps of Engineers, and they said it was not included in the budget projects. Consequently, they could not do anything about it. The gentleman has offered an amendment and has outlined to this Committee the number of projects and the amount which each project will receive. I just wondered what the gentleman's amendment would do to the amendment offered by the gentleman from Kentucky.

The CHAIRMAN. The time of the gentleman has expired.

Mr. EDMONDSON. Mr. Chairman, I offer a substitute amendment, which I send to the desk.

The Clerk read as follows:

Substitute amendment offered by Mr. EDMONDSON to the amendment offered by Mr. NATCHER: On page 20, line 8, after the comma, strike out "$322,262,800" and insert "$369,869,800."

Mr. EDMONDSON. Mr. Chairman, the effect of the substitute amendment, if adopted, will be to continue the language of the Natcher amendment which insures adequate funds for all of these approved projects throughout the country, and adds to it the sum of $900,000 for 2 projects; 1 located in western Arkansas, which was approved back in 1946, the Dardanelle project, and the other in eastern Oklahoma, the Eufaula project, which was also approved in 1946.

Both of these two added items were items which have been authorized, which have been thoroughly studied by the engineers and which in previous years have had approval of the Bureau of the Budget. There appears to be something in the Washington climate at the present time which makes it a little bit difficult to get the Bureau of the Budget authorization for them, but they are at the same time very necessary and very urgent projects.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I gladly yield to my colleague from Oklahoma.

Mr. ALBERT. Several links in the Arkansas system have been built, but is it not a fact that all the engineers agree that the Eufaula Dam is the key to the entire Arkansas flood control program?

Mr. EDMONDSON. The gentleman could not be more right than he is; it is a very important link in the Arkansas River development.

We are asking for $450,000 for the purpose of continuing and completing the engineering and plans, and to make a modest start on the construction of this much needed Eufaula Dam and Reservoir.

The gentleman from Arkansas [Mr. HAYS], I understand, will discuss the merits of the Dardanelle project.

The Eufaula project is vitally needed for flood control in an area where we have at times seen thousands of fertile acres under the waters of devastating floods. It is vitally needed. It has been estimated that the overall project of which Eufaula is the key part will return $60 million in benefits annually when it is carried through. We hope adequate appropriations will be made.

Mr. Chairman, I have a normal degree of respect for the Bureau of the Budget, but I do not regard it as an idol before which Members of Congress have to prostrate themselves. I see no reason why there should be an iron ceiling over us, particularly Bureau of the Budget figures beyond which we as Members of Congress cannot go. This is only a small and modest step beyond the Bureau of the Budget, but it is a step which is vitally and urgently needed in an area of the country which has been devastated by drought and floods in past years, where hundreds of thousands of people have been on direct food relief. It is also a step which asserts the independence of Congress from Bureau of the Budget domination and declares that when we see merit in a project, when we see necessity for it, then we are willing to provide the funds to see that it is built.

I ask you to pass the substitute amendment insuring that we will have adequate funds for all these other approved projects, and to taking care of the vitally needed projects that have received favorable consideration of the committee in its report on this matter.

Mr. ROOSEVELT. Mr. Chairman, I offer an amendment to the substitute.

The Clerk read as follows:

Amendment offered by Mr. ROOSEVELT to the substitute amendment offered by Mr. EDMONDSON: On page 20, line 8, strike out "$368,969,800" and insert "$368,994,800, of which $25,000 shall be available for the project at Playa del Rey Inlet and Harbor, Venice, Calif., authorized by the River and Harbor Act of 1954."

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Mr. Chairman, I make the point of order that this is an amendment in the third degree.

The CHAIRMAN. This is offered as an amendment to the substitute. It is therefore in order at this point.

The point of order is overruled.

The gentleman from California is recognized.

Mr. ROOSEVELT. Mr. Chairman, may I first say that my amendment is concurred in by my colleague, from the 15th District of California [Mr. McDONOUGH], and we would join together in this presentation.

If perhaps the members of the committee feel that what we have been considering is pork, then a mere matter of $25,000 is surely nothing but a little piece of bacon, but I would like to present it to you because I think it is important to realize that this was, perhaps, left out by the committee through inadvertence.

This $25,000 is needed in order to provide good faith to the State of California which has appropriated $2 million for this project. It was authorized by the Rivers and Harbors Act of 1954 in the 83d Congress. It is supported by the Republican Governor of my State who wrote a letter to the committee to that effect. It is, of course, supported by the legislature of my State.

It is particularly important that this $2 million appropriated by the State be not lost merely because the small sum of $25,000 has not been appropriated to show good faith on the part of the Federal Government. I would emphasize this project is not a frivolous one.

In particular it will provide an air-sea rescue unit at the end of the International Airport runway in Los Angeles where 95 percent of all the takeoffs take off over the Pacific Ocean. Since 1947 11 people have been drowned because it was not possible to have them rescued due to the fact that the only air-sea rescue unit is about 60 miles away. It has other fine features which I would like to go into but, unfortunately, we do not have time to go into them today.

I would respectfully urge and ask the committee to consider this small sum of $25,000, which is not a new start. It is merely to enable the Corps of Engineers to watch the expenditure of $2 million which the State of California will go ahead and use to purchase land for this very worthy project.

Mr. HARRIS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HARRIS. Mr. Chairman, as I understand it, we have now before the committee an amendment, an amendment to the amendment, a substitute for the amendment, and then an amendment to the substitute.

The CHAIRMAN. The gentleman is correct.

Mr. HARRIS. The parliamentary inquiry is this: Do we conclude debate on all of the amendments and the substitute before we vote on any of them?

The CHAIRMAN. That is subject to the will of the committee. They are all before the House now for debate.

Mr. HARRIS. As an example, would the amendment to the substitute offered by the gentleman from California be voted on, then would debate be in order before other votes are taken on the other amendments?

The CHAIRMAN. The debate can continue on the pending amendments, whatever it may be.

Mr. McDONOUGH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment to the substitute offered by the gentleman from California [Mr. ROOSEVELT]. I would like to inform the committee that this is a project that has full authorization of the Army engineers. I introduced the original bill in the last Congress, which was approved. It has been under investigation and survey both for the last 10 or 12 years. It is a project of vital importance to the air traveling public out of the International Airport in Los Angeles County. It will provide a harbor for the Coast Guard for air-sea rescue, which is badly needed.

I have a wire here from the manager of the Los Angeles airport that reads as follows:

The need of anchorage and refuge for Coast Guard surface vessels has always been a problem in discussing air-sea rescue facilities for the Santa Monica Bay area. The majority of takeoffs from Los Angeles International Airport are over Santa Monica Bay area. First 4 months of 1955, 982,337 passengers were enplaned and deplaned this terminal. A 27-percent increase over similar period 1954. Douglas, North American Aviation, Lockheed, and Northrop production flights are in the Santa Monica Bay area. It is imperative that the marina small-boat harbor be developed at an early date.

ROBERT A. McMILLAN,
General Manager, Department of Airports, City of Los Angeles.

In addition to that, it will be a great commercial asset to Los Angeles County and the State of California. The gentleman from California, [Mr. ROOSEVELT] did not inform you that the county of Los Angeles has provided and appropriated $1,340,000 for this project, and, as he has told you, the State of California has also put up $2 million, and both of these sums are contingent upon the Federal Government taking part in the construction of the navigation channel, because neither the county nor the State can break through the shoreline to provide a navigable channel to the basin. This is a large, low area of some 1,000 acres of land which is to be dredged to a depth sufficient to provide a commercial fishing harbor as well as a small-boat harbor. The $3.4 million that the local interests are putting up as compared to the amount the Federal Government will put up is about 5 to 1, and you do not have many such projects in this bill, because we are willing to spend about $25 million of local funds to complete the whole project.

I am appealing to you to allow the $25,000 asked for, because it will be an indication that the Federal Government is interested and willing to participate in this project. The total amount the Federal Government will be asked to provide eventually will amount to less than $4 million of a project that will cost about $25 million.

I am supporting the amendment offered by my colleague, the gentleman

from California [Mr. ROOSEVELT], for the $25,000.

Mr. JACKSON. Mr. Chairman, the Marina Del Rey project will serve to revitalize a large area on the ocean near Venice, Calif., and will in the natural course of events, become a great recreational area available to the millions of people who are residents of Los Angeles and the surrounding area, as well as additional millions of visitors.

Twenty-five thousand dollars is a modest sum when related to the economic benefits which may be expected to flow from the ultimate completion of the Marina. The State of California and the city and county of Los Angeles are prepared to move forward on land acquisition and construction upon the receipt of word of favorable action by the Congress. Considerable sums have already been earmarked by the State of California for this purpose, and the construction of the Marina has the support of the legislature, the county supervisors and the Los Angeles city council, as well as that of thousands of southern Californians.

The construction of Marina Del Rey will constitute more than the acquisition by Los Angeles of another sorely-needed small-boat harbor. The Marina will offer one of the few refuges for small boats from Los Angeles harbor to the south to Santa Barbara on the north. The air-rescue feature proposed to be incorporated as an activity will insure that many lives heretofore endangered in takeoffs over the open sea, will be safeguarded by modern rescue and search techniques.

Marina Del Rey is a good investment, and it is to be hoped that the Committee will take favorable action on the amendment now pending.

Mr. HAYS of Arkansas. Mr. Chairman, I move to strike out the last word.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from California.

Mr. ROOSEVELT. Mr. Chairman, I ask unanimous consent to correct the figures as they were read in my amendment to the substitute amendment. They should read $369,869,800 in the first instance and $369,894,800 in the second instance.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. RABAUT. Mr. Chairman, if the gentleman will yield, I ask unanimous consent that all debate on this amendment and all amendments thereto close at 5 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HAYS of Arkansas. Mr. Chairman, I realize the parliamentary situation is somewhat complicated. I merely want to present as briefly as I can the merits of the Edmondson substitute insofar as it relates to the Dardanelle Dam to which he alluded. There is logic in tying the two together and if it were appropriate I could give you in detail the history of the Dardenelle project and its relationship to the Eufaula Dam. The Eufaula Dam is above the Dardenelle Dam and without the siltation control which Eufaula would provide the Dardenelle reservoir would have a siltation problem.

We will, by approving the substitute of the gentleman from Oklahoma [Mr. EDMONDSON], put Dardenelle in exactly the same position in which it stood in 1950 when an appropriation was approved by the Congress with an appropriation of $1 million. This is only for $450,000 and the project would have been begun long before this except for the Korean war. The project was suspended by action of the President under the powers given him in a special paragraph of the appropriation bill that year.

The question, of course, immediately arises why was it not in the budget. It is not a budgeted item. But at the time the budget was submitted the engineers were resurveying the project. Since that time a letter from the Corps of Engineers reactivates it. The Dardanelle Dam, the electric power features of it, are approved and it is in that status today. It is an integral and important part of the comprehensive plan which was approved by the Congress in 1946, and again by important amendments in 1949.

So we ask the House merely to put us in a position where we would have been except for the Korean war.

Mr. TRIMBLE. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I am glad to yield to my colleague.

Mr. TRIMBLE. I concur in what my colleague has said and I should like to ask him this question. Is it not a fact that these two projects in the substitue offered by the gentleman from Oklahoma [Mr. EDMONDSON] are the key to the development of this whole project as a navigation project?

Mr. HAYS of Arkansas. That is correct. They are the key to the plan which the Congress has on two occasions approved. I feel that the people of the Arkansas Basin have been victims of a long delay in developing this great river, although the Congress has undertaken in emergencies to be generous with us and has been sympathetic.

This is a noncontroversial item. One of the most eloquent pleas for the Dardanelle project was presented by the president of the Arkansas Power & Light Co. who pictured a deficit in electric power.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman.

Mr. EDMONDSON. I would like to point out that it has also had bipartisan support in Oklahoma; that the gentleman from Oklahoma [Mr. BELCHER] made a very strong plea for the Eufaula project in his appearance before the House committee.

Mr. HAYS of Arkansas. Yes, and the Republican leadership of our State has urged approval of these projects.

For these reasons, I hope the House will approve the substitute amendment offered by the gentleman from Oklahome [Mr. EDMONDSON].

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. PERKINS].

Mr. PERKINS. Mr. Chairman, I rise in support of the amendment offered by my colleague from Kentucky [Mr. NATCHER], and against the substitute offered by the gentleman from Michigan [Mr. RABAUT].

The Jackson cutoff on the north fork of the Kentucky River at Jackson, Ky., is an example of the projects covered by this amendment. The city of Jackson, a distribution center of an agricultural and mining area, is located adjacent to an ox-bow loop in the Kentucky River where the river flows around a circular course approximately 7 miles long and returns to within a hundred feet of the beginning point in the ox-bow loop.

The cutoff through this narrow neck will lower the flood stage at Jackson 6 feet, and, according to the Army engineers, will eliminate 75 percent of the flood damage to this community. This area which has suffered from so many floods over a period of years, again suffered serious damage this past March. In fact, some estimates of the damage are almost equal to the total cost of this project, which the Army engineers have estimated at $246,000.

There is probably no single item in the budget which is more practical or has a higher benefit-cost ratio. Yet it was deleted by the committee.

The loyal population in this area is noted for its Americanism and patriotism. In fact, it was the only county in the country which filled its quota for World War I entirely by volunteers and not a single draftee was called when World War I draft was initiated.

The planning work which was provided for in the budget for the current year has been completed and construction work can be begun as soon as funds are made available. This is the only project on the Kentucky River where planning has been completed and construction work can be begun within a period of days. This rolling hill country has been deforested to a point where floods have become a serious problem and this is the most practical flood-relief project in the entire valley It is sound from both an engineering point of view and from the standpoint of benefits as related to the cost. Any project in the country which can be shown as sound as this will receive my support, but this project is the one with which I am personally acquainted and fully convinced that construction work should be initiated at the earliest possible date as the benefits for the coming year could easily be equal to the total cost.

This project deserves the most careful consideration of every Member of this body and I am sure that all those who are acquainted with the facts will support this amendment.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Arkansas [Mr. HARRIS].

Mr. HARRIS. Mr. Chairman, I think we should not lose sight of just where we are. We should keep in mind the parlimentary situation on these amend-

ments and not lose sight of the major question.

In the first place, I think we should remember that the first vote will come on the amendment offered by the gentleman from Michigan [Mr. RABAUT] to the amendment offered by the gentleman from Kentucky [Mr. NATCHER]. Those are the two major issues to be decided, as I understand, which means everything on the problem before us.

I would not hestitate to take the word of the gentleman from Michigan [Mr. RABAUT], of course, but from experience, after the appropriation is made and we are told by the engineers that these prior funds are unobligated but they were appropriated for a certain purpose and they have to use them for that purpose.

Here you would reduce this amount and consequently the projects that were outlined as has the gentleman from Kentucky outlined them would not have sufficient money available for them.

I hope the amendment offered by the distinguished gentleman from Michigan [Mr. RABAUT] will be rejected. If his amendment reducing this amount is approved, there will be no way of determining the congressional mandate for the utilization of the funds. The Corps of Engineers can use it on any authorized project that it desires.

This is so because there would not be sufficient funds then appropriated to provide for all of these projects where budget recommendation, which the gentleman from Kentucky [Mr. NATCHER] has included in his amendment.

I am supporting the amendment of the gentleman from Kentucky [Mr. NATCHER]. It restores the projects that were included in the budget which the committee eliminated when it considered and reported this bill to the House.

In order that these funds may be earmarked and that there can be no misunderstanding as to the purposes of this appropriation, the gentleman from Kentucky [Mr. NATCHER] has included each of them in his statement and the amounts budgeted and thus earmarked for each project.

There were two projects in my own district, which had budget approval and recommendation. They were small projects, but nevertheless, important to the local area affected.

I do not know why the committee in reporting the bill failed to approve and include these two small projects along with many others. There must have been some reason for it other than the usual procedure, because the committee did include in the bill as reported certain projects which did not have budget approval and recommendation. Maybe there were some motivating circumstances which the record does not show but it is causing many Members here today to have some question.

If the amendment by the gentleman from Kentucky [Mr. NATCHER] prevails, as I hope it will, $70,000 would be appropriated for a restudy of DeGray Dam, a project in my district on the Caddo River, which is a tributary to the Ouachita River.

This is one of the important projects of the overall flood control plan for the Ouachita River. We have been trying to get it started for several years. It has the recommendation of the Army engineers, who are doing a good job with these flood-control projects with the funds that we are making available to them. It has the recommendation and the approval of the Bureau of the Budget. Naturally, I was disappointed the Appropriations Committee failed to go along and I hope this amount will be restored and these funds appropriated as requested.

Also included in the amendment would be $40,000 for planning funds for the Calion flood-control project at Calion, Ark., on the Ouachita River. This also has the recommendation of the Army engineers and the Bureau of the Budget.

It is vitally important that this amount be included in this appropriation this year. The project was authorized several years ago. Nearly $50,000 has already been expended by the engineers for emergency purposes.

The local people have total contributions of some $6,000 in the bank to meet their part as required for easements, rights-of-way, and so forth. These funds have been in the bank for some time. If the planning funds are not provided in this year's appropriation, the contributions that are now in the bank will revert to the contributors on January 1.

The engineers advise me that if the planning funds are provided for in this year's appropriation bill, these funds can be utilized for the purpose they were contributed and thus be in a position to proceed with the construction of this very important project for the protection of the people in the little town of Calion.

It would not only afford protection to the town itself, but it would protect the levee of Calion Lake, which is constantly being threatened by bank encavement. This lake cost the people in that area thousands of dollars and this protection must be provided for now. To postpone it further would endanger this entire project and provide a constant threat of the tragedies that have been suffered in this area in the years gone by.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS of Louisiana. Mr. Chairman, I am not here to argue for any one project. I am here to argue for a principle. We arrived at the figure of $368,969,800, which was the figure in the amendment offered by the gentleman from Kentucky, in this way: The purpose was to adopt the projects already approved in the committee bill—not to eliminate a single one out of the committee recommendations and to take them completely—and then to add a large enough sum to take care of those projects which had been recommended by the Bureau of the Budget and had not been cared for in whole or in part. That was the sole purpose.

We made a deduction for unobligated balances. Today, less than 3 hours ago, I called the engineers' office to be assured about this figure of $368 million. I was assured at that time that that was the figure that was needed to complete the committee recommendations. This is what was placed in the committee bill plus the budget-recommended projects which were cut or were entirely eliminated.

Mr. Chairman, the internal development program for our country has been gradually drying on the vine. Year by year I have seen the total figures for the planning and construction of projects reduced. I have been studying these figures for several years, and I believe that these programs are, in effect, withering and are badly in need of additional funds.

For instance, the total appropriation in the Civil Works Program under the Corps of Engineers amounted to $639,742,190 for the fiscal year 1950. From then on this program has been dropping yearly. In the fiscal year 1951 the amount available for this purpose dropped to $617,863,675. The next succeeding fiscal years' appropriations dropped as follows: For the fiscal year 1952, $616,417,688; for the fiscal year 1953, $560,906,600, and for the fiscal year 1954, $424,231,600. In the present fiscal year, 1955, the total amount appropriated for flood control and rivers and harbors, including operations and maintenance, general investigation and general expense, is $443,364,100. It will be evident, therefore, that in the last six fiscal years the total amount appropriated for these projects has declined nearly $200 million.

The tendency regarding appropriations for irrigation and reclamation projects in the arid States of the West, has been the same. For example, in fiscal year 1951 there was appropriated for this work the sum of $271,679,000; in 1952, $234,408,522; in 1953, $206,447,991; and in 1954, $143,069,660. In the present fiscal year, 1955, there has been appropriated a total of $161,507,000. It will be seen, therefore, that the appropriations for irrigation and reclamation projects have declined in the past 5 fiscal years by more than $110 million.

The combined programs have steadily declined over the years. In the last 5 years we had a decline of $200 million per year in sums available for civil functions work of the Army engineers, and a decline of over $100 million for irrigation and reclamation projects. We find that our people are taking a cut of over $300 million per year in our most useful water resources development program. This cut has been in the face of the fact that the purchasing power of the dollar has likewise declined. The dollar is now worth less than 50 percent of the dollar value in 1940. Therefore, these cuts must be considered in the light of the loss in the value of the money provided for this purpose.

All of our people are affected either directly or indirectly by waterway improvements for flood control and navigation. The large section of our people that are directly and vitally concerned with these improvements have been most patient during World War II, the cold war, and the Korean emergency. It became necessary during these national emergencies to restrict Federal public works to projects that were essential to

prosecution of the war and to our national defense. However, experiences gained during these emergencies, the exactions made in heavy drains on our national resources, and the conditions that prevail in the aftermath of these emergencies, emphasize, as never before, the wisdom and necessity of employing all prudent measures for the conservation of our natural resources and the extensive development of them for their fullest utilization and benefit to the rapidly growing population of our Nation.

I am sure that members of this committee, like myself, have heard from these patient people located in our respective districts who, in urging greater progress on worthy projects, cannot resist drawing comparisons between the limited expenditures in their areas and the large expenditures we are making overseas. I think that these people have tried sympathetically to understand the necessity for helping to rehabilitate and develop the free world, but it is becoming increasingly difficult for them to understand how as a Nation we can afford to expend more money overseas than we do at home for such improvements. It is most difficult to give them a satisfactory explanation in the face of figures which indicate that in the last 5 years we have cut our water-resources development programs at home by one-third and at the same time greatly increased our participation in such programs overseas.

Expenditures of Government may be classified in several different categories. Expenditures for many functions, although essential to Government operations or administration policies, do not yield dividends in tangible material values. Other expenses of Government properly come within the category of capital investments just as private enterprise makes investments in equipment, plants, and expansions for greater efficiency and increased production. While recent foreign expenditures are definitely in the first category, expenditures for flood control, reclamation, and navigation improvements are just as definitely in the second category. Many such projects yield substantial returns to the Government on the investments made and, in fact, are self-liquidating in the course of a very few years. Many others enhance our national wealth and increase the annual income and thus broaden our tax base. They contribute to a higher national income and standard of living for the individual citizen and to increased tax revenues to the Nation, State, county, and municipalities. It would therefore appear to be highly reactionary and injurious to the Nation for the Congress to deny reasonable authorizations and appropriations to keep this program active and progressing.

Of equal importance to expanding our waterway improvements is the matter of replacement or maintenance of the improvements already constructed. In the recent years of lean appropriations, maintenance of our deepwater harbors, of our canalized rivers, and of our intracoastal waterways has been seriously curtailed. As a matter of fact, we are operating important navigation arteries on which the traffic is steadily increasing, where in some instances the navigation works are 30 to 50 years old and have had only minimum maintenance. This committee has had brought before it replacement for substitute projects that would eliminate some of these antiquated works and it is sincerely hoped that the committee will not be hesitant in authorizing such replacements. In the light of commercial statistics that indicate that these waterways are steadily increasing in usefulness to this Nation, it would be the height of folly to not maintain them or make the necessary replacements when maintenance is no longer economical.

In this connection the large number of our people so vitally concerned in the waterway improvements cannot help but observe that in this year when economy and conservatism are "catch words" there has recently been found a highway bill which practically doubles the Federal contribution to annual highway programs. With deference, I must point out that our deepwater harbors, our intracoastal waterways, our Great Lakes, and our navigable rivers are also means of transportation. In the past 25 years the tonnages of waterborne commerce have increased sixfold and better. This is a fact that we can ill afford to ignore since the benefits derived from low-cost transportation affect the pocketbooks of each and every one of us.

There is a corollary phase to the construction, operation, and maintenance of waterway improvements that bears mentioning at this time. This phase is the survey and study program which should be carried on continuously if we are to move ahead with sound programs. Unfortunately over the last 10 years we have advanced this program in spurts, alternately pushing and then curtailing such activities. In the same manner that it was not practical to develop cross country railroad and highway systems to their present status in one undertaking, so it was not possible to develop the ultimate plan for water resources in one undertaking. Single track railroads and dirt highways have gradually been replaced by double tracking and by multiple-lane highways as such improvements were warranted. Similarly deeper channels have been dug and navigation facilities have been and should be extended as warranted.

The recent 42d annual convention of the National Rivers and Harbors Congress indicated clearly that our people have felt that their patience has been taxed to the very limit. They want a more realistic program of internal development. Resolution after resolution and speech after speech in the National Rivers and Harbors Congress brought forth the sentiment that we must provide for our own people in a realistic internal-development program.

During the course of this convention it was my privilege to be elected president of National Rivers and Harbors Congress again. I immediately began to work toward a larger and a broader program of internal development of our water resources.

Since the report by the Committee on Appropriations on the civil functions and reclamation bill to the Congress this year, I have been working steadily on a program of increasing the amounts available for this program to the limit set by the budget. We have had several organization meetings and recently, as president of the National Rivers and Harbors Congress, together with my able vice president, Congressman SID SIMPSON, of Illinois, I called an open meeting in the caucus room of the old House Office Building to discuss the procedure to be used in handling this measure on the floor of the House. Certain amendments were suggested and unanimously agreed to at this meeting. The amendments were framed and placed in the hands of representative Congressmen from different parts and sections of the country who agreed to present them to the House of Representatives for action. Every amendment which was agreed to in this meeting has been adopted by the House and we have now raised the bill to include every item recommended by the Bureau of the Budget. In addition, some 11 items approved by the committee, but not approved by the Bureau of the Budget, remain in the bill.

This has been a real fight, and as president of an organization that has been in existence since the year 1901—I refer to the National Rivers and Harbors Congress—I am very pleased, of course, with the results. I hope that the Senate can be equally successful and retain in the bill the items which the House has agreed to.

Under the amendment adopted by the House is included, of course, $2,450,000 for the Ferrels Bridge project, located in east Texas. This is a vital project. Work has already begun on the project, and adoption of this amendment will mean continuation without interruption of the work on Ferrells Bridge.

The increase in the money for general planning also is very important. It may mean that we can obtain out of the funds now available for general planning enough money to take care of planning funds for the Overton Waterway. The amount needed for this purpose is not great, and the additional money could easily provide this needed help.

I want to thank all of those who worked so well together in making this great day possible. Members from all parts of the United States have been working in unison for a common objective, namely, internal development. The results will be widespread throughout the country and will be seen for a long time to come.

In conclusion, Mr. Chairman, I present a list of engineering projects compiled by the National Rivers and Harbors Congress after much care, to indicate by States, items now included in the civil-functions program of the Army engineers. This list will show those items approved by the budget and the amount of the approval. The list will also show the action of the committee in cutting funds from certain needed projects.

Public Works Appropriations Act, 1956—Corps of Engineers construction program

State and project	Budget estimate	Committee recommendation
Alabama:		
Mobile Harbor	$1,000,000	$500,000
Warrior lock and dam	4,100,000	4,100,000
Arkansas:		
Arkansas River and tributaries, Arkansas and Oklahoma (bank stabilization and channel rectification)	3,000,000	2,800,000
Red River levees below Denison Dam, Ark., Tex., and La	450,000	450,000
Table Rock Reservoir, Ark. and Mo	11,000,000	11,000,000
California:		
Crescent City Harbor	1,000,000	1,000,000
Cherry Valley Reservoir	785,000	785,000
Los Angeles County drainage area	14,000,000	14,000,000
Sacramento River	4,000,000	4,000,000
San Antonio and Chino Creeks	700,000	
San Antonio Reservoir	530,000	330,000
Whittier Narrows Reservoir	933,000	933,000
Folsom Reservoir	4,150,000	2,650,000
Redondo Beach		450,000
Sacramento deep-water ship channel		500,000
Devil, East Twin, Warm, and Lytle Creeks and Riverside		1,250,000
Connecticut:		
Housatonic River	750,000	375,000
Hammonasset Beach	167,000	167,000
Hartford (Folly Brook)	263,000	263,000
Delaware: Delaware River, Del., N. J., and Pa., Philadelphia, Pa., to the sea: Mantua Creek anchorage	1,000,000	1,000,000
District of Columbia: Anacostia River, D. C., and Md	2,750,000	2,500,000
Florida:		
Tampa Harbor	977,000	700,000
Central and southern Florida	6,300,000	3,000,000
Apalachicola River channel improvement		418,000
Jim Woodruff lock and dam, Florida and Georgia	920,000	800,000
Georgia:		
Buford Dam	11,830,000	10,000,000
Fort Gaines lock and dam and Apalachicola Bay, channel across St. George's Island		2,000,000
Idaho: Columbia River, local protection:		
Portneuf River and Marsh Creek	500,000	
Lucky Peak Reservoir	500,000	250,000
Illinois:		
Illinois Waterway: Calumet-Sag Channel	4,000,000	4,000,000
Mississippi River between Missouri River and Minneapolis, Minn.:		
Rectification of damages	70,000	70,000
Beardstown	800,000	800,000
Clear Creek Drainage and Levee District	600,000	600,000
Degognia and Fountain Bluff Drainage and Levee District	420,000	420,000
East St. Louis and vicinity	1,285,000	1,000,000
Grand Tower Drainage and Levee District	250,000	250,000
Preston Drainage and Levee District	260,000	260,000
Wilson, Wenkel, and Prairie du Pont Drainage and Levee District	485,000	485,000
Wood River Drainage and Levee District	700,000	700,000
Indiana:		
Indiana Harbor (widening at Youngstown Sheet & Tube Co.)	45,000	45,000
Vincennes	584,000	500,000
Iowa:		
Lock 19 at Keokuk	3,200,000	3,200,000
Missouri River:		
Kansas City to Omaha	3,300,000	3,300,000
Omaha to Sioux City	5,800,000	5,800,000
Coralville Reservoir	4,500,000	4,000,000
Missouri River agricultural levees, Iowa, Kansas, Nebraska, and Missouri	700,000	500,000
Missouri River, Kensiers Bend, Nebr., to Sioux City, Iowa	600,000	600,000
Kansas:		
Toronto Reservoir	2,800,000	2,800,000
Wichita and Valley Center	2,200,000	2,000,000
Tuttle Creek Reservoir		7,500,000
Kentucky:		
Green River:		
Locks and dams 1 and 2	4,400,000	4,400,000
Channel	2,275,000	2,275,000
Greenup lock and dam, Kentucky and Ohio	4,000,000	3,900,000
Barbourville	600,000	550,000
Jackson	246,000	
Louisville	1,275,000	475,000
Maysville	1,540,000	1,540,000
Pineville	816,000	816,000
Louisiana:		
Gulf Intracoastal Waterway:		
Algiers cut-off	1,263,000	750,000
Plaquemine-Morgan City route	1,260,000	
Maine: Portland Harbor	820,000	575,000
Maryland: Cumberland, Md., and Ridgeley, W. Va	1,400,000	1,400,000
Massachusetts:		
Mystic River	$500,000	$500,000
Adams	1,900,000	1,700,000
North Adams	750,000	
Winthrop Beach	210,000	210,000
Michigan: St. Marys River bridge relocation	338,000	338,000
Minnesota:		
Duluth-Superior Harbor, Minn. and Wis	215,000	215,000
St. Anthony Falls extension	1,285,000	1,285,000
Red River of the North, Minn. and N. Dak	650,000	400,000
Missouri:		
Missouri River, Kansas City to mouth	2,000,000	2,000,000
Cape Girardeau	750,000	750,000
Carthage	367,000	367,000
East Poplar Bluff and Poplar Bluff	314,000	314,000
Perry County dam and lock district Nos. 1, 2, and 3	500,000	500,000
Montana: Havre	600,000	500,000
Nebraska: Gavins Point Reservoir, Nebr. and S. Dak	13,950,000	12,000,000
New Hampshire:		
Portsmouth Harbor, N. H., and Piscataqua River, Maine and N. H	400,000	400,000
Hampton Beach	140,000	140,000
New Jersey:		
New York and New Jersey Channels	3,000,000	3,000,000
Atlantic City	906,000	906,000
Cold Spring Inlet	60,000	60,000
Ocean City	67,000	67,000
New Mexico: Rio Grande Floodway	1,600,000	1,600,000
New York:		
Buffalo Harbor	1,200,000	2,000,000
Staten Island Rapid Transit bridge, New York and New Jersey	1,000,000	1,000,000
Wellsville	350,000	350,000
North Carolina: Rollinson Channel breakwater		175,000
North Dakota: Garrison Reservoir	20,000,000	18,000,000
Ohio:		
Cleveland Harbor	5,300,000	5,000,000
Ashtabula Harbor		250,000
New Cumberland lock and dam, Ohio and West Virginia	7,000,000	7,000,000
Oklahoma: Oklahoma City Floodway	2,260,000	2,000,000
Oregon:		
Lookout Point Reservoir	200,000	
McNary lock and dam, Oregon and Washington	11,000,000	11,000,000
The Dalles Dam, Oregon and Washington	63,500,000	58,000,000
Willamette River bank protection	300,000	300,000
Pennsylvania:		
Bradford	500,000	500,000
Johnsonburg	396,000	396,000
Swoyersville-Forty Fort	400,000	400,000
Williamsport	278,000	278,000
Presque Isle Peninsula	600,000	600,000
South Carolina:		
Charleston Harbor	200,000	200,000
Port Royal Sound		250,000
South Dakota:		
Fort Randall Reservoir	7,860,000	5,860,000
Oahe Reservoir	25,000,000	23,000,000
Tennessee:		
Cheatham lock and dam	6,360,000	6,000,000
Old Hickory lock and dam	5,475,000	5,400,000
Memphis, Wolf River and Nonconnah Creek	700,000	700,000
Texas:		
Corpus-Christi Bridge	1,500,000	1,500,000
Dallas Floodway	2,690,000	2,690,000
Ferrells Bridge Reservoir	2,450,000	
Texarkana Reservoir	5,000,000	4,500,000
Houston ship channel	500,000	500,000
Port Aransas-Corpus Christi Waterway	600,000	600,000
McGee Bend Dam		1,500,000
Virginia:		
Norfolk Harbor: Craney Island	700,000	700,000
Norfolk & Portsmouth Belt Line Railroad bridge	800,000	800,000
Virginia Beach	235,000	235,000
Washington:		
Chief Joseph Dam	18,000,000	16,000,000
Eagle Gorge Reservoir	1,000,000	1,000,000
Grays Harbor and Chehalis River:		
Point Chehalis	120,000	120,000
Grays Harbor deepening channel		421,800
West Virginia: Sutton Reservoir		1,300,000
Wyoming: Greybull	300,000	300,000
Various:		
Local protection projects not requiring specific legislation	600,000	700,000
Snagging and clearing	300,000	400,000
Small authorized projects	2,000,000	2,000,000
Lower Columbia River Fish Sanctuary program (Fish and Wildlife)	1,400,000	900,000
Advance engineering and design	5,000,000	3,653,000
Reduction based on unobligated balances and recent contract awards		−15,000,000
Grand total, construction, general	357,675,000	321,362,800

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Chairman, I rise in support of this amendment which, as I understand, has the purpose of bringing the figure up to the amount recommended by the President and the Bureau of the Budget without interfering with or affecting any projects that have already been approved by the Appropriations Committee.

I was very much interested in the suggestion made by the gentleman from Michigan with regard to his amendment, which would have reduced the amount of the initial amendment by $30 million, to $338 million. It is my understanding that the $30 million which he suggested as the basis for that reduction is an amount that is an unexpended balance, but that does not mean anything to these projects that have been approved by the Bureau of the Budget.

In other words, the unexpended balance has already been allocated to these other specific projects, which would leave nothing to these other projects, recommended by the President but deleted or reduced by the committee, we are presently considering.

Mr. Chairman, I would speak in support of the proposed amendment and particularly in favor of one project with which I am most familiar and which was reduced in committee from the budget recommendation.

There is no balance of thinking in the appropriation of billions for other lands and mere baubles for the American people. If this bill, as presented, is an example of self-preservation within the United States as compared with our military efforts at home and abroad, we would here today demonstrate greatest disregard for those entrusted with judgment on matters of internal economic import and demonstrate flagrant misuse of funds entrusted to us by the people of this country. I am not yet ready to yield everything to the gods of war and foreign affairs and grossly neglect the welfare of my community. I support this amendment wholeheartedly knowing that my constituents and all the millions of Americans who look to this Congress for guidance and representation expect of us sound judgment and considered opinion. I shall and am fighting for the life of many communities.

In the committee report we find that the overall reduction from the budget recommendations on river and harbor projects amounts to $39,177,200. In the reclamation projects a reduction from the recommended figures is made in the amount of $34,525,558. It is my contention that these reductions apply to projects that are warranted and badly needed throughout the country. They are proposed as a vital part of our economy. Providing improvements for the people of the Nation and pertaining to their welfare and safety, this in nowise may be considered a pork barrel type of legislation. These are meritorious projects of extreme need to the many affected areas of our country and have been recommended by the Bureau of the Budget and the President to Congress after these projects have run the full gamut of, first, recommendation by the Corps of Engineers; second, survey recommendation by the Public Works Committee and Congress; third, survey appropriation; fourth, survey; fifth, report to Public Works Committee; sixth, approval of project by Public Works Committee; seventh, approval by Congress of project; eighth, recommendation by Corps of Engineers for start of work; ninth, approval of the Bureau of the Budget; tenth, recommendation by the President, which are 10 good and thorough studies of the worth and merit of its being before this committee.

This Congress has at many times exhibited courage and foresight and at times seeming boldness in expenditure of funds. We have approved bills recommended to us by the President and in the Nation's best interest that would provide $3.5 billion for foreign aid, $1.3 billion for the development of foreign countries, $36.7 billion for defense, have provided millions for the Pan American Highway, will appropriate still more for the commerce and highways of the United States. These matters of great consequence have been thoroughly debated and well founded as matters of great import to the United States and beneficial to its citizens.

Today, in the bill offered by the Appropriations Committee of the House, we find an utter disregard for the worthiness of the individual project—a lack of appreciation for the hard and sincere efforts of experts and Members of Congress alike, as demonstrated by these projects being in the recommended budget—and complete disregard of the public interest as it may benefit from the proposed budget recommendations of the President and upon qualified and authoritative testimony.

In my support of this amendment to the bill, I have centered my thinking upon the Tampa Harbor project. This greatest of all Florida ports, which grossed in excess of 9 million tons in 1953, has not had a single major improvement since 1936. Of all the ports on the seaboard from Norfolk, Va., to New Orleans, La., it is the only port with a harbor depth of under 32 feet.

The beginning of the improvement of this port has the complete support of the administration, the Bureau of the Budget, the entire Florida delegation, and the Public Works Committee. The proposed program of development and improvement is vital and thoroughly planned within the recommended budget figure of $977,000 for the fiscal year 1956–57. Any reduction from this amount is not conducive to economy or to the benefit of the community, the State, or the Federal Government.

I would include in my statement a report requested by me to show the effect of the cut recommended by the committee from the office of Maj. Gen. Emerson C. Itschner, Assistant Chief of Engineers for Public Works, who has recommended an immediate start on the project:

> The House committee allowance of $500,000 will necessitate a 2 to 3-month delay in initiating the work of improving the Tampa Bay Channel, which is the main avenue of approach to the interior channels and the port facilities located on those channels. The total cost of improving the Tampa Bay Channel is about $2,600,000 and, because of the exposed location of the channel and the nature of the material to be excavated, a large powerful dredge will be required to perform the work. Mobilization costs of dredges of the required size approximate $90,000 and, unless a substantial amount of funds can be allocated to the contract, competition among the dredging companies who have such large equipment is likely to be less vigorous and may result in higher cost to the Government.

Here we have been shown the additional cost to Government and lessening of benefit to State and community.

I would point out further economies and return dollar value to the American people by the Tampa Harbor project. Several great airfields are served from this port and the improvements have the endorsement of the United States Air Force as an integral part of the defense preparedness of the Nation. The ratio of dollar benefits has increased since 1949, when they were placed at 1 to 1.45, to a 1954 figure of 1 to 3.45, based upon the methods used by the Army engineers in determining these ratios and prepared by the Hillsborough County Port Authority. Total estimated savings through completion of the program are authoritatively estimated at over $1.5 million annually. This is dollar justification and money returned to the taxpayer.

Many groundings and collisions have occurred with attendant exposure to extreme dangers due to the conditions of this channel. We owe a great debt to those mariners whose safety depends upon this project—and, mind you, we have neglected this factor for nearly 20 years—as other ports of lesser importance have been improved.

I, therefore, urge that the Members of this great deliberative body review and support the proposed amendment to the appropriations bill now under discussion as a matter of utmost importance that such projects as Tampa Harbor and the many others that were eliminated or reduced in committee may be carried out in the best interests of the Nation. Let us for once look beyond our political noses and act—as we have done in foreign affairs and the Nation's defense—for the good of all the people.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. ROGERS].

Mr. ROGERS of Florida. Mr. Chairman, I simply want to urge favorable consideration of the amendment offered by the gentleman from Kentucky [Mr. NATCHER].

On behalf of the Florida delegation I urge that the House restore the amount of $6,300,000 for the central and southern Florida flood-control project. A recommendation of $10 million was made to the Budget Bureau by the Corps of Engineers as the amount necessary to carry on this project effectively; however, the Budget Bureau recommended $6,300,000 to the Congress. The House Appropriations Committee cut the Budget Bureau's request to $3 million, which sum is entirely inadequate to carry on the vital work of this project.

Funds for this project are necessary to save lives and so save property. Great progress has been made since this project was authorized, and I feel that the cut recommended by the Appropriations Committee would be disastrous.

I would like to bring to the attention of the Members of the Congress that during the rainy season of 1953 every county in the central and southern Florida flood-control project was declared a critical emergency area by Presidential order, and suffered to such an extent that they were designated by the Secretary of Agriculture as areas where the Farmers' Home Administration could make disaster loans.

The State of Florida to date has more than met its proportionate share of the cost of the central and southern Florida control project. I feel that the Federal Government should do its part and appropriate necessary funds for the essential work this project performs, and in which the Federal Government al-

ready has a heavy investment. I would also like to point out that the Corps of Engineers had advised that the benefit-to-cost ratio for the first phase of this project is 6.55 to 1, which I understand is the highest ratio for any project of comparable size in the country.

I strongly urge that the Budget Bureau's recommendation in the amount of $6,300,000 be restored for the vital work of the central and southern Florida control project.

Mr. FASCELL. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Kentucky [Mr. NATCHER].

I will speak on the project involved with which I am personally familiar. I refer to the central and southern Florida flood-control district.

This project is one of the largest of its kind ever undertaken. The project encompasses 17 Florida counties, is concerned principally with the regulation of water to protect human life and to eliminate property damage. It involves two navigation projects, including the regulation of water from one of the largest inland fresh-water lakes in the United States. The total project area is twice the size of the State of New Jersey. It is especially significant because it includes Florida's largest city, several other large and many small cities, including 60 percent of the total population of the State of Florida. It also encompasses most of the fertile crop and pasture land in the State. The region is far from being a marsh nor is it always underwater. It produces 60 percent of the State's agricultural output, including sugar cane, citrus, cattle, and in some places, 3 and 4 vegetable crops per year. The State produces 13 percent of the total vegetable crop consumed in the United States.

The regulation of water in this developing region is of first importance to the safety of its citizens, the security of its farms and commercial enterprises, and to the economic well-being of the State of Florida and the United States.

The Corps of Engineers had recommended an appropriation for the fiscal year 1956 of $10 million. The Bureau of the Budget recommended $6,300,000. The bill as before this Committee, has reduced the estimate to $3 million.

The amount of money recommended by the Committee is wholly inadequate to continue the work necessary on this project. The very minimum which should be allocated to the project in order to keep the work sufficiently current so as to amortize the total cost within the foreseeable future is $6,300,000 for this coming fiscal year.

Actually, unless the appropriations are stepped up to a minimum of $20 million a year, the completion date of the project will be so extended that it will add a tremendous cost burden both to the local interests and to the Federal Government.

It has been stated by the committee that their objection to this project is that it is basically a land-reclamation project. This is not well-founded on the facts. A detailed study of the technical data will show that while there is considerable land benefit, this is incidental to the original purpose of the project itself. In 1947, there were 3 million acres of land flooded for many months. Crops were ruined. Homes were destroyed. Lives were lost. There was approximately $60 million in property damage. Almost each year since then, there has been flood damage to this area running into the hundreds of millions of dollars. This damage, I respectfully submit, does not come from water which is already there. This damage comes from floods.

Another question raised by the committee was the question of the local contribution. I point out to the committee that the people of the State of Florida have met every obligation imposed upon them for their contribution to this vital project. Under the Flood Control Act of 1948, for the first phase of the project, a formula was established for local contributions which would require them to contribute approximately 39 percent of the total cost of the project. This included 15 in direct cash appropriation. All of this has been met as required, and in addition, the State has appropriated in advance $2,900,000 beyond that required to match Federal contributions to this date. The local contribution under the act further required that the local interests bear the complete cost of the acquisition of lands and of rights-of-way, and pay for all relocation work, as well as all maintenance and operation costs of the completed work.

All of this has been borne by the local interests, even though the costs of rights-of-way, have risen 400 percent, and the amounts for private and public relocations have advanced 350 percent.

The committee raised the question that the local interests should pay a greater rate of contribution because of the tremendous benefit ratio which is estimated to be 5 or 6 to 1, and because the land values of the land which is reclaimed as part of this project, has increased considerably. I respectfully point out to the members of this committee that the testimony of the engineers before the Appropriations Committee shows that at the present time, the engineers are resurveying the entire project with respect to the determination of a new formula for contributions, and that this work is being done pursuant to the Flood Control Act of 1954 which authorized and approved this entire project, and required that the project be re-evaluated and appraised. The engineers report that they expect to have this completed by December 1956.

Therefore, there is no justification, either from the standpoint of the nature of the project or from the standpoint of the local contributions for in any way retarding the project by not appropriating the amount of money necessary—and which I emphasize again is the bare minimum required to do the essential work toward completing this project within a reasonable time.

I earnestly urge the members of this committee to support the amendment to the bill which would restore the appropriation to the level recommended by the Bureau of the Budget and would increase the appropriation for this project from the $3 million recommended by the committee to $6,300,000 recommended by the Bureau of the Budget.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. MARSHALL].

Mr. MARSHALL. Mr. Chairman, I rise in support of the Rabaut amendment. Mr. Chairman, I am sure that in this particular instance there is no difference in what we are trying to do as between the amendment offered by my good friend and colleague the gentleman from Kentucky [Mr. NATCHER] and the amendment offered by the gentleman from Michigan [Mr. RABAUT].

There are two items in our particular panel which are going to be completed with the amount of money we allocated. Both of those items were cut by the committee. One was the Housatonic River and the other the Portland Harbor and improvements. The Corps of Engineers advised us in writing that only $375,000 will be needed for the Housatonic River project and $575,000 for the Portland Harbor project. Those are the identical amounts which the committee allowed and represent cuts from the budget figures of $375,000 and $245,000, respectively. Both of these particular projects are going to be completed. We are appropriating, under the proposal made by the gentleman from Kentucky [Mr. NATCHER], money for these particular projects that they cannot use. All the Rabaut amendment is attempting to do is to put this appropriation on a realistic basis.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. RABAUT] to close debate on the pending amendment.

Mr. RABAUT. Mr. Chairman, I yield to the gentleman from Massachuetts [Mr. BOLAND].

Mr. BOLAND. Mr. Chairman, I think we ought to have this in mind when we vote on these particular amendments. The Rabaut amendment calls for an expenditure of some $30 million less than the amendment offered by the gentleman from Kentucky [Mr. NATCHER]. The amendment offered by the gentleman from Michigan [Mr. RABAUT] is the result of the fact that there is $30 million on projects for which money has been appropriated in the past, but which are not in the budget and which we can save. That amounts to $30 million. The amendment offered by the gentleman from Kentucky puts into the bill all the projects which were budgeted by the Bureau of the Budget plus all of the projects the committee itself put into the budget. The amendments offered by the gentleman from California and the gentleman from Oklahoma were not budgeted for. They do not have a proper benefit-cost ratio. Both of those amendments ought to be voted down.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield for a question on the matter of the benefit-cost ratio?

Mr. BOLAND. The benefit-cost ratio on the Eufala River is 1 to 1. Insofar as the Rabaut amendment is concerned, I think that the membership of the House ought to stick with this committee. These panels have been operating for the last 6 or 8 weeks, and they sat mornings, afternoons, and some evenings trying to bring to this floor a bill which would be agreeable to all the Members of the

House. This bill is the pork barrel log-rolling bill of this Congress. As I sat in committee listening to all the arguments about flood control, navigation, dredging, channeling, and all the projects that go to make up this particular public works bill that I thought we should keep in mind that a lot of them are not justified.

Mr. Chairman, I hope the amendment offered by the gentleman from Michigan will prevail.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. RABAUT] to the amendment offered by the gentleman from Kentucky [Mr. NATCHER].

The question was taken; and on a division (demanded by Mr. RABAUT) there were—ayes 66, noes 103.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from California [Mr. ROOSEVELT] to the substitute offered by the gentleman from Oklahoma [Mr. EDMONDSON].

The question was taken, and the Chair being in doubt, on a division, there were—ayes 107, noes 86.

So the amendment to the substitute amendment was agreed to.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Oklahoma [Mr. EDMONDSON].

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 112, noes 87.

So the substitute amendment was agreed to.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Kentucky [Mr. NATCHER].

The amendment was agreed to.

Mr. FLOOD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FLOOD: On page 20, line 8, after the amount named insert: "and in addition $18,500,000 for the project, Delaware River, Philadelphia to Trenton."

Mr. FLOOD. Mr. Chairman, I would like my friends from all of the States to know that Pennsylvania and New Jersey have kept the faith today. So stick around. Consistency is a jewel, I believe you have heard.

Mr. Chairman, first of all I want to yield to my distinguished friend from Philadelphia, Pa. [Mr. SCOTT].

Mr. SCOTT. Mr. Chairman, I would like to say to the gentleman that the amendment which he has offered is identical in its wording to an amendment which I also have at the desk and which I will not press as a separate amendment because I associate myself with the amendment offered by the gentleman from Pennsylvania [Mr. FLOOD] and wholeheartedly support it.

Mr. FLOOD. I thank the gentleman from Pennsylvania. We wanted to have it done that way so you on both sides of the aisle could see that there is certainly no politics involved and I hope nobody stands up here and suggests that I am going to make a speech for the United States Steel Co. How silly can you get?

Mr. Chairman, there is a matter of principle involved in my amendment. I am going to leave a discussion of the facts as they see fit to my colleagues from New Jersey and to my colleagues from Pennsylvania as they see fit to discuss the merits, these men who live and work and represent the great Delaware Valley and its channel area.

I want to point out that this request was authorized by the Congress last year. The Budget Bureau despite that fact insists that a 50-percent contribution be made. I raise this flag of warning to every Member in this House: The Budget Bureau for the first time in 175 years or however long it has been down there is going to make an attempt through this action here to demand local contributions. In a project of this magnitude, Mr. Chairman, that has never been done in the history of the United States before.

I hope there will be no attempt to laugh this case out of court by saying that we who speak for this cause are stooges or mouthpieces or a cat's-paw for the United States Steel Co. that happens to have their plant this year on this great river. I am 200 miles away from it and there is no one cares less about the United States Steel Co. than I do. But I do care for an employer of workers and for a great industrial area.

Let me read this language, Mr. Chairman, from the Senate report which accompanied this authorization bill:

> The adoption of this recommendation would be inconsistent with the national policy followed for many years on navigation projects over the entire country.

This is a rank, outrageous discrimination against the States of Pennsylvania, New Jersey, and Delaware, and these men on both sides of the aisle here who come from this great Delaware Channel, the great Delaware Valley that is being made into one of the great industrial and commercial complexes of the entire world.

Mr. Chairman, I am going to yield back my time because there are my colleagues here from New Jersey and Pennsylvania who wish to tell you the facts as they know them.

THE DELAWARE RIVER PORT IS NUMBER ONE IN THE NATION IN IMPORT TONNAGE

Mr. Chairman, the Delaware River port handled 15.6 percent of the Nation's foreign commerce during the first three quarters of 1954, as compared with 12.5 percent during the comparable 1953 period. This increase was registered during a time when national waterborne commerce was 4.3 percent less than the figure for the same period a year ago.

In import tonnage, the Delaware River port has become the Nation's No. 1 port. Handled were 22,373,344 short tons during the first 9 months of 1954, an increase of 18.6 percent over the corresponding period of 1953. The Delaware River's import tonnage exceeded that of any other part in the Nation during this period.

With the improvement of this port and the facilites offered, it is reasonable to expect that additional commerce will be attracted, much of which will be of foreign nature.

Many millions of dollars have already been invested by local interests in the port area in an effort to maintain its position as one of the Nation's ranking ports. For a breakdown of some of these expenditures, see page 17 of the Case for a Deeper Delaware.

NATIONAL DEFENSE DEMANDS A DEEPER CHANNEL

In terms of our national defense in this age of nuclear warfare when every day brings forth a new international crisis, the Delaware River port area, because of its diversified industrial power and geographical location, is the keystone in the Nation's arsenal for defense.

Few, if any, of the major ports in the United States can match the natural baffles—Delaware Bay breakwater, the reaches of the bay, and the tidal estuary—which present an impregnable barrier against enemy seaborne craft. The Delaware River port is a natural fortress for the embarkation of personnel and supplies. During World War II, 15 to 20 percent of all goods shipped in and out of the United States were handled expeditiously by this port.

The port has always experienced a fine, no-strike waterfront relationship. Generations of skilled longshoremen have mastered the know-how for quick turn-around so vital in a mobilization effort. The Philadelphia longshoremen surpassed by 3 days the national average for a complete cargo loading, which achievement will be invaluable in times of national emergency.

A definite indication of the recognition given by the Defense Department to the industrial might of the port area is shown by its maintenance of more than 15 procurement agencies in Philadelphia. The Philadelphia Naval Base, which houses one of the largest shipbuilding yards in the world, the Frankford Arsenal, a naval air matériel center, and the Philadelphia Quartermaster Depot, which expended approximately $4.3 billion to maintain a constant flow of supplies to the Armed Forces aboard during World War II, are a few of the Armed Forces installations located in the Delaware River port area. Many other important facilities are planned which will further increase the value of the area to the Armed Forces.

Only recently the Secretary of the Navy has publicly acclaimed that the deeper channel in the Delaware River is of paramount importance in the defense planning of the Nation.

THE PRESENT CHANNEL IS OUTMODED

Without a channel of the proper depth the port facilities are limited. This will have a much more serious effect and consequence in times of emergency and restrict our potential contribution to the security and defense of the Nation.

A survey by the National Federation of American Shipping shows that 96 percent of privately owned American oceangoing vessels would be unable to use a 25-foot waterway. The upper river channel in its present state, therefore, excludes 9 out of 10 oceangoing vessels.

It is significant that of 77 oceangoing vessels currently building or on order in

United States shipyards only 1, a coastal tanker, has a designed draft of less than 29 feet.

Just as roads have been widened and improved for land transportation, so channels must be deepened for essential water transportation. The 25-foot draft vessel is as obsolete as a 1920 jalopy.

DEVELOPMENTAL ASPECTS OF THE CHANNEL

Historically, all projects similar to the deepening of the Delaware have, without exception, brought a tremendous economic growth to the area involved. It is difficult to evaluate the increase in jobs, community development, and amount of taxes to be paid to the States and Federal Government which will result from the completion of the deeper channel project.

Further development along the shores of the Delaware will mean new capital investments, new job opportunities, new employment, new payrolls. It will produce new housing and new service industries to accommodate the new population. New job opportunities in the building trades have already begun to create an influx of people, tremendous payrolls, and lasting benefits for the area. Within 5 miles of Morrisville, Pa., two large communities are now under construction—one of 4,500 homes, and one which is projected for 17,000 homes. Announcement has been made of a proposed Levittown, N. J., in Willingboro Township, Burlington County.

As a byproduct the deeper channel will extend the benefits of low-cost ocean transportation to thousands of industries, large and small, regardless of their location. This is a historical fact, based on years of waterways improvement experience. These industries can become substantial customers and suppliers throughout the country; their savings resulting from efficient transportation and advantageous location will be reflected in the price of goods and distributed on a nationwide basis.

[From the Philadelphia Inquirer of June 16, 1955]

OUR CHANNEL IS PAYING ITS WAY NOW

The American Revolution was fought in part to free this country from unreasonable restrictions upon its commerce and stupid obstacles to its trade.

The phenomenal economic growth in the United States has been due in large degree to the policy laid down by the Founding Fathers—a policy of keeping our arteries of commerce wide open and free.

That is why there are no trade barriers between States; no interstate customs stations as in Europe; no taxation on interstate commerce. That is why development and control of America's navigable rivers have been a traditional responsibility of the Federal Government which could keep them free, and not of the States which might find it profitable to hamper waterborne commerce. That is why, save for special facilities, there have been no tolls—up to now—on the great water arteries of our Nation.

Freedom of our rivers has been as universally accepted a doctrine as freedom of the seas.

Now, at this late date, some strange influences at Washington seek to reverse that policy. They would turn their backs on our national experience, and decree that the Founding Fathers of the United States were not as wise as history has shown them to be.

It is seriously proposed to levy tolls from the ships which use the Delaware River.

This proposition was put to Walter P. Miller, president of the Chamber of Commerce of Greater Philadelphia, at a conference with Presidential Assistant Sherman Adams and Assistant Budget Director Donald Belcher. It was argued that the Delaware River should be put on a pay-as-you-go basis.

We are amazed that Messrs. Adams and Belcher do not know that the Delaware River is paying its way right now.

Commerce in the upper Delaware (where the Budget Bureau has opposed channel deepening unless United States Steel pays half the cost) has increased rapidly. So much so that a new customs station was established in the Trenton-Morrisville area 3 months ago.

Officials predicted that this station would further boost customs collections in this area. They already had been rising. For February last they had jumped to $3,628,037—or more than 25 percent over February 1954.

All that is income for the Federal Government. It is income which has been made possible by the freedom of the river policy which was established when the Nation's foundations were laid.

And there's still more to the story, if Messrs. Adams and Belcher are interested. Over the past 50 years, Delaware River development has cost the Federal Government $105 million. On that sum it has received a return of $14.25 for each dollar invested. In 1951 alone the port of Philadelphia customs receipts were $52,300,000.

Yet these gentlemen have the effrontery to suggest that the Delaware River be made to pay its own way.

Do they propose to levy tolls on all the other main rivers of the United States? Do they urge tolls to recoup the huge sums which Uncle Sam has invested in New York Harbor? The Federal Government paid the entire bill to deepen the Hudson River to accommodate just two ships, foreign ships: the *Queen Mary* and the *Normandie*, and no quibbling then. Is it planned to establish toll stations along the Mississippi, where vast sums are spent for channel maintenance?

We could go on and on. We could even ask some embarrassing questions about the St. Lawrence Seaway, and the interests which seem determined to promote that, and hold Delaware Valley down.

The fight for Delaware Valley's channel has just begun. It is incredible to us that anyone in the Nation's Capital should seriously propose turning the clock back before the Revolution. It is particularly outrageous that anyone should tell Delaware Valley to pay its own way on its mighty river—when it is paying its way, many times over.

IMPORT DUTIES AND CUSTOMS RECEIPTS

Researchers in the University of Pennsylvania recently completed a documented study, a summary of which follows, of the potential commerce on the Delaware River predicated upon the extension of a 40-foot channel. This study indicates that the total prospective tonnage of the port for the year 1975 is estimated at 143,366,600 tons. This tonnage means $849,107,000 total value added by the port and 53,065 estimated new job equivalents.

Applying standard statistical methods to the value of the commodities anticipated, it is indicated that import duties and total port collections in 1975 will be slightly in excess of $61 million.

1975 projected new job equivalents (See University of Pennsylvania study.)	53,065
Less employment of 3 cases cited in "I"	2,900
Net increase	50,165

These projected new job equivalents represent an annual payroll of $250 million.

(a) Translated into purchasing power, this represents $1,500,000,000.

(b) Translated into annual employee income taxes (estimated), $20 million.

CHANNEL DEPTHS UNCHANGED

Forty feet from the sea to the Navy Yard; 37½ feet to Allegheny Avenue; 28 feet to Delair Bridge; 25 feet to Trenton Marine Terminal.

1953 port collections	$43,982,000
1975 projected port collections	48,367,000

THE 40-FOOT CHANNEL EXTENDED

The 1975 projected annual port collections, $61 million (based on "value added by port" from University of Pennsylvania study, computed by the Philadelphia office of collector of the port).

The 1975 increased return to the Government due to extension of 40-foot channel, $12,633,000.

Mr. KIRWAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not think they picked the best man to come down here to tell the truth, but what I want to tell the committee is this. It is a long time since the Delaware River, especially the upper part between Trenton and Philadelphia, has been before this House. I think the first mention of it was some 180 years ago when George Washington asked for some money to keep the Continental Army going, and to prove to the American people that they had faith, to try to bolster the morale of the Army, he went across the same river between Trenton and Philadelphia and did battle with the Hessians, and in that way proved that they were able to carry on provided the Congress gave them the funds.

Now, let us march on from there. This project that we are talking about now never had a hearing before the committee. This project was tacked on as a rider last year 2 days before the House adjourned, and it shot through the House without any hearing. We gave that steel plant $450 million in tax amortization in order to build that plant in New Jersey.

Now let us take a look at the record. One of their subsidiaries is building four steel boats, ore boats, in Japan with cheap labor. Each one of those boats will carry 2 trainloads of ore, eliminating a great many laboring men. It will be flying under a foreign flag with cheap labor.

Now, that is what we have got here today. Those very boats built overseas will be going down the Delaware River. For 20 or 30 years the Delaware River had a depth of 25 feet and nobody used it. The river filled up to where they only had a depth of 8 feet, and nobody used the river. There was no big business or small business located between Trenton and Philadelphia. There are 43 businesses located on that river today, and only one-half of them using the river use small boats. The Army engineers testified that the only one who will get 100-percent benefit out of this is the United States Steel Corp. If it was dredged to a 35-foot channel, they would get 85-percent benefit. Up on the St. Lawrence River we are only paying $100 million to complete a seaway 105 miles long. They have 66 seaports on

the Great Lakes, and they have 59 million tons right there today awaiting shipment. But, on this waterway they will only ship 30 million tons, and it is costing as much money to construct that 30 or 40 miles of channel as it is costing to build the St. Lawrence seaway. The only one that has made any commitment that they will ship on this 40-foot channel is the United States Steel Corp.

Mr. SCOTT. Mr. Chairman, will the gentleman yield?

Mr. KIRWAN. I yield to the gentleman from Pennsylvania.

Mr. SCOTT. Does the gentleman agree that this project was recommended enthusiastically by the engineers as a desirable project?

Mr. KIRWAN. Let me say something about the engineers. President Eisenhower said that the United States Steel Corp. should pay $18 million as their portion. So did the Bureau of the Budget. Further, President Eisenhower said 2 weeks ago that he is not in favor of any bill coming into the House that was tacked on as a rider. Did he not tell you that 2 weeks ago?

Mr. SCOTT. Does the gentleman agree that the Corps of Engineers has approved this measure as a highly desirable project?

Mr. KIRWAN. If you were as good an engineer as they are, you would want to build projects all over the world as long as somebody gave you the money. They recommended it, sure. They would not be good engineers if they did not recommend it.

I did not take any time here today cluttering up the RECORD or anything at all, but I am only asking you to be true to our laboring men and to the men that crossed that river 180 years ago when they would not give any quarter. They proved to the Congress that they were worthy. So, let the Congress prove to the country today that they are not going to give them that $100 million to do something that is not worth it.

I am thankful that you have given me this time. I hope that this amendment is voted down.

Mr. WOLVERTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the amendment now under consideration to make $18,500,000 available for deepening the Delaware River channel to Trenton, N. J., is one of extreme importance to the whole Delaware River Valley.

It is unfortunate that a matter of such great importance to the States of New Jersey, Pennsylvania and Delaware, and, in fact, to the surrounding States, as well, should be precluded by limitation of time from making as full a presentation as the importance of the matter justifies.

Week after week this House has adjourned from Thursday to Monday, and sometimes it is Tuesday or Wednesday before any importance business is accomplished, and, yet, when a matter of this importance comes before the House, and one that means so much to the life of not only a single locality, but to a whole area, the time is limited in which an individual Member can present his views together with the facts that should have a determinative effect. This is not true in the other body of Congress. In the Senate a Member can utilize such time in debate as will enable him to fully present the facts, and make the arguments necessary to sustain the justice of the position taken. I am certain that if such opportunity was afforded in this matter now before us for consideration it would be possible to show beyond any reasonable doubt the importance and the advisability of adopting this amendment to make available sufficient funds to commence and carry on for the next fiscal year the deepening of the Delaware River channel.

The limited time at my disposal necessitates my summarizing as much as possible the considerations and reasons that justify the adoption of the amendment. They are as follows:

First. The combined industrial, commercial, maritime, and shipping interests utilizing the facilities of the Delaware River urge the deepening of the channel as economically feasible and necessary if the river is to have the full use for domestic and foreign commerce of which it is capable.

Second. Governor Meyner, of New Jersey; Governor Leader, of Pennsylvania; and Governor Boggs, of Delaware, have all urged approval of the project. The United States Senators and Members of Congress from the affected States have likewise done so, and are actively engaged in seeking favorable action. The mayors of Philadelphia, Camden, and Trenton, the three largest cities in the immediate area, and municipalities large and small on both sides of the river have appeared in person or by resolutions, requesting favorable consideration. And not only have the industrial, commercial, and shipping organizations of the area, but also the chambers of commerce, the political organizations of both parties, and the labor organizations throughout the area have joined in the demand for this necessary improvement in this fastest growing area in the United States. It is without a doubt the most unanimous appeal in a local matter, affecting several States and numerous municipalities, that I have ever experienced in my nearly 30 years of service in the Congress.

Third. Furthermore, we must not overlook the fact that the Congress last year authorized the project to be carried out, nor should we fail to remember that the Army engineers have admitted that the deepening of the channel as proposed would unquestionably contribute to the general welfare of the region. All of these considerations it seems to me not only justify but impel favorable consideration of the amendment now before us and thus enable the work to proceed.

Fourth. I am aware that in the consideration of all projects such as this it is appropriate to inquire as to its economic feasibility. In answer to such, I have no hesitancy in saying that the resultant financial gain to the United States Treasury will justify this expenditure. It will be just ordinary good business for the Federal Government to invest in the Delaware River. The experience of the past proves the truth of this statement. For instance, customs receipts alone from the commerce that enters the Delaware River bring $52 million a year into the United States Treasury. Since 1836, the Federal Government has spent a little over $100 million on the Delaware River channel—but since 1900, it has collected almost $1.5 billion in customs revenue—or a return of $14 for every $1 invested. And, with the deepening of the channel, it would enable larger ore carriers to bring ore to the docks of the area that would provide a substantial saving over the use of smaller ships, and, thereby, by conservative estimate, benefit the United States Treasury by almost $4 million in additional taxes each year.

If time permitted there is much more I would like to present in support of this project, but limitation of time prevents. Suffice it to say that without a doubt there is no area of the Nation that is today experiencing a faster or more substantial growth than that taking place in the Delaware River Valley. In addition to the large industries already located on the shores of the Delaware, such as DuPont industries, Socony Vacuum, Texaco and Cities Service Oil Companies, Atlantic City Electric Co., New York Shipbuilding Corp., Radio Corporation of America, and Campbell Soup Co., there are the Philadelphia Navy Yard and all the other numerous varied industries located on the Pennsylvania side of the river, but as to these, I would leave to the Members from Philadelphia and adjacent areas in Pennsylvania and Delaware the opportunity to speak of the growth in their own respective areas and a recital of the industries located there.

However, I desire before closing to further emphasize the importance of adopting this amendment. I want every Member of the Congress to realize that a failure to adopt this amendment will mean the acceptance of a principle or policy that can and, in all probability, would rise to haunt every Member in the future if and when they would have any project of river or harbor development in their district. It may seem strange to hear me make a statement such as this, but, it is true. Let me explain the situation. I will do so by bringing to your attention again the same explanation I made yesterday in the general debate. It bears repetition over and over again because the adoption of the policy suggested by the Army engineers and the budget would, if adopted, mean the curtailment of all future harbor and river development, reclamation and flood-control projects.

The matter to which I refer is the strange suggestion that comes to us from the Chief of Army engineers, namely, that local interests pay half the cost of increasing the depth of the Delaware River. This contribution has been estimated at $18 million.

The Chief of Army engineers admits that the deepening of the channel would unquestionably contribute to the general welfare of the region. But he makes the qualifying observation that the use of channel depths greater than 35 feet will be confined to a single company.

In answer to this suggestion, I reply: Why should an industry be compelled to contribute directly to the cost of a public improvement which benefits not only

that industry but a whole region, as the 40-foot channel undeniably would? Even if a private enterprise is willing to shoulder such a charge, should the Government want it to? Would there not be corollary questions of the industry's rights in the improvement it is helping to finance, and of tax deductions? Should an industrial firm whose tax payments help produce public improvements be required also to pay directly for such projects?

If a 40-foot Delaware channel is in the public interest, as it appears to be, it should be treated as a public improvement, built with public funds—not as part of a corporate investment.

Furthermore, to adopt a policy of required local participation in cost of river and harbor improvements creates a situation that would not only be novel and unique in the Government policy that has heretofore prevailed, but the results could conceivably prove most disastrous by curtailing future expansion of our principal ports and rivers.

Questions immediately arise as to not only the lack of justification for such a policy but also as how such a policy could ever be practically applied in its application. For instance:

First. What is meant by "local interests"? Is this to mean local industrial interests, local commercial interests, local maritime or shipping interests, or local, State, or municipal interests?

Second. If industrial, commercial, or shipping interests are intended, then would it be applicable only to the presently existing interests or would it contemplate also contributions from future interests of a similar character? If so, then how would it be applied as between present and future interests?

It can be readily seen that it would be unfair and unjust to apply it only to existing interests as against future interests that would equally benefit, and most objectionable of all considerations that would naturally grow out of such a policy would be the tendency of new interests to avoid placing their industries or other interests along the Delaware River. Thus, it would have a tendency to stifle future development of the whole Delaware River Valley.

Third. Furthermore, if such a policy should be adopted as to the Delaware River, then it would be the application of a policy that runs counter to our river development policy since our beginning as a Nation, and in all fairness would require the application of the same policy to all our rivers and harbors and thus create a situation that would prove most detrimental to port developments throughout our Nation.

Furthermore, and equally strange, has also been the suggestion that a system of toll charges might be a good thing to establish with reference to future river improvements. I assume this to mean that a charge could or should be made to ships using the increased depth or width of a river channel.

It is my opinion that there is not a single Member of Congress that would ever knowingly accept or adopt either suggestion as a national policy relating to future river and harbor development.

And, yet, underlying the refusal to put an appropriation in this bill for the deepening of the Delaware River channel this very suggestion is paramount. The statements made at the hearing we had before the subcommittee leaves no doubt that there was in the mind of the member who made the statements an intention to hold up local interests to compel the payment of a substantial part of the cost of the improvement. Why an existing industry should pay this tribute because it is large, and all other industries that come hereafter to the river, whether large or small, should go free of a similar charge is beyond me to either explain or justify. And, likewise, why should local interests, industrial or municipal, be required to pay when all other like interests situated on other rivers be permitted to go free. Ladies and gentlemen, make no mistake, this Delaware River project is the "guinea pig." If the Appropriations Committee of the House can defeat this amendment, then a new policy will have been established. It is our duty, no matter whence we come, to rise up and cast aside this unreasonable and unjustifiable policy that the Budget Bureau, through the Appropriations Committee and by the votes of this House, seeks to establish. I appeal to you to support the amendment offered by the gentleman from Pennsylvania [Mr. FLOOD] and thereby assure a continuance of a policy that has existed throughout the entire history of our Nation.

Mr. HAND. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield to the gentleman from New Jersey.

Mr. HAND. As the gentleman knows, I have a very great interest in this project and I know that, sooner or later, this year or next year, the Congress will build it. The only question I have at the moment is, Have the proponents of the amendment studied the real amount necessary this year—the amount that can be sensibly spent this year? The original amendment was $25 million, and I know that was too much.

Mr. WOLVERTON. That has been taken into consideration by the sponsor of the amendment and those who are supporting it. The gentleman will note that the amendment called for $18,500,000. One engineer estimated that $18,500,000 could be spent in this fiscal year; another, $18,600,000; and another, $18,700,000. We have adopted the figure of $18,500,000.

Mr. HAND. That figure comes from the corps as the amount that can be spent in an orderly fashion?

Mr. WOLVERTON. That is right.

LEGISLATIVE PROGRAM FOR NEXT WEEK

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN. Mr. Chairman, may I inquire of the majority leader the program for next week?

Mr. McCORMACK. On Monday the first order of business will be the Consent Calendar. Then there will be four suspensions. One will be on the bill S. 67, to adjust the compensation of Federal employees. That is the classified employees pay-raise bill. There will be a rollcall on that.

The second will be on H. R. 5891, to amend the Materials Act of 1947.

The third will be on House Concurrent Resolution 109, to send a committee of some kind to the NATO parliamentary conference.

The fourth will be on H. R. 6295, to increase the per diem travel expense allowance.

On Tuesday the Private Calendar will be called and then H. R. 4663, relating to the Trinity River Division, Central Valley project, will be considered.

On Wednesday, Thursday, and Friday the following bills will be considered:

H. R. 6040, the customs simplification bill of 1955, if a rule is reported on it.

H. R. 735, increasing the compensation of Medal of Honor men. A rule has been reported on that bill.

H. R. 6382, relating to the Foreign Claims Settlement Commission. A rule has been reported on that bill.

I make the usual reservation that any further program will be announced later and that conference reports may be brought up at any time.

Mr. MARTIN. As I understand, if the bill now under consideration is passed today, we will not have a session tomorrow.

Mr. McCORMACK. That is correct.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. WALTER].

Mr. WALTER. Mr. Chairman, at the conclusion of his remarks my distinguished friend from Pennsylvania [Mr. FLOOD] said that he would yield for somebody to tell the truth. Now I am going to give you the plain, unvarnished truth about this whole matter.

The United States Steel Corp. has contracted for the construction of three large ore-carrying vessels, not in the Cramp Shipyard at Philadelphia, not in the New York Shipyard in New Jersey, not in the Sun Yard at Chester, but in Japan. In order to accommodate these three vessels, it is necessary to dredge the Delaware River from a point in Philadelphia up to the United States Steel Co.'s plant at Morrisville.

Now this whole matter ought to be on the Private Calendar in a bill entitled "A bill for the relief of the United States Steel Corp." Let me call your attention to something else. This is unnecessary. Why, the port of Philadelphia, according to the statements made by the very active chamber of commerce of that great city, in which I have business interests I might add, is the greatest port in the United States today. There is a 40-foot channel all the way to the Philadelphia Navy Yard and between the Philadelphia Navy Yard and the sea there are thousands and thousands of acres of land. The National Steel Co. just recently completed construction of a large mill on the 40-foot channel. The Tidewater Oil Co. has abandoned its refinery in the State of New Jersey and has constructed a large refinery on the 40-foot channel. Let me tell you what is in back of all this. The United States Steel Corp. is getting its ore from Venezuela. The gentleman from Pennsylvania [Mr. FLOOD] said this is a terrible

thing to call upon a citizen to bear some expense for a thing of this sort. Well, they paid every nickel for the dredging of the Orinoco River in Venezuela for a 17-foot channel. They bring those ships down to the sea and over and up into the Delaware. But if they can lighter the ore down in Venezuela and put it on these three large vessels being constructed at the moment in Japan, then, of course, they can save the expense of transportation.

In this steel business, it is a very tough competitive field. It is dog eat dog. If the United States Steel Corp. at the expense of all of the taxpayers of the United States is provided with a free canal, and that is what it would be, a private canal for the benefit of United States Steel from Philadelphia to Trenton, then they are going to have a decided advantage over competitors. I just do not see why it is inconsistent for the President of the United States to say that they should pay a part of this. Look at what the engineers' report says:

> The reason for requesting enlargement of the channel to Trenton at this time is the recent construction of a large modern steel mill by the United States Steel Corp., on the Pennsylvania side of the river below Morrisville.

And that is the reason given by the President of the United States, when he has refused to endorse this project for a contribution coming from the sole beneficiary. This project will cost $104 million. Do you think we should subsidize a project of that size for one corporation, great as it is? I do not, and I trust you will agree with me.

Mr. RABAUT. Mr. Chairman, I move that all debate on the pending amendment, and all amendments thereto, close not later than 6 o'clock.

The CHAIRMAN. The question is on the motion offered by the gentleman from Michigan.

The motion was agreed to.

Mr. KING of Pennsylvania. Mr. Chairman, when my colleague from Pennsylvania [Mr. WALTER] proposed to tell you the whole truth, he should have added an explanation of his position by telling you that the principal industry of his district is the Bethlehem Steel Corp.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. KING of Pennsylvania. The Bethlehem Steel Corp. already has a deepwater channel.

Mr. WALTER. Will the gentleman yield? I do not make any bones about it. I am pleading for the jobs of 30,000 people, both your constituents and mine.

Mr. KING of Pennsylvania. On the same basis, I happen to live on the Delaware bank close to this new steel plant, and therefore perhaps I have a right to be interested in their welfare when it is incidental to the welfare of this whole Delaware Valley territory.

Mr. SCOTT. Mr. Chairman, will the gentleman yield?

Mr. KING of Pennsylvania. I yield.

Mr. SCOTT. I would like to point out that the only other person who speaks in opposition also comes from a district which has a competing steel company.

Mr. KING of Pennsylvania. This project of deepening the Delaware channel is one of vital importance and significance. I am quite familiar with the location, having lived there on the river bank for some 33 years. I have particularly watched in the last 10 years the rapid industrial development in this territory, particularly on my side of the river.

What is needed to enhance the industrial development of this territory is a deeper channel, because it is, in a sense, landlocked with a channel of only 25 feet. When you say that the steel company is the only one that can now use a 40-foot channel, certainly it is consistent that nobody would attempt to open an industry there unless they had a deeper channel.

The Office of Army Engineers has said that there have been contacts made by many large industries proposing to locate in this territory, if and when a deeper channel is provided. Of course, the slur that the steel company has had its large barges built with foreign labor I do not think has any place in the economic need for this channel.

Mr. McCONNELL. Mr. Chairman, will the gentleman yield?

Mr. KING of Pennsylvania. I yield.

Mr. McCONNELL. I would like to say at this time although I am not a resident of the area, on the banks of the Delaware River, I am suburban to Philadelphia, and I am vitally interested in the progress of the Delaware River Valley. Therefore, I wish to join with you and others in supporting this amendment.

Mr. KING of Pennsylvania. I thank the gentleman.

The Delaware River flows past 8,600 different manufacturing plants.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. KING] has expired.

(By unanimous consent Mr. FULTON yielded his time to Mr. KING of Pennsylvania.)

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. KING of Pennsylvania. I yield to the gentleman.

Mr. FULTON. I am from Pittsburgh, but I think this is a matter of the development of the whole Delaware River area, not just one company. I am strongly for it.

Mr. KING of Pennsylvania. Certainly the country in a very good and general way is interested in the improvement of this great harbor facility, a facility which will add nearly 58 miles of deepwater shoreline. Certainly this is a valuable addition to the great harbors that we already have on the Delaware.

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield?

Mr. KING of Pennsylvania. I yield.

Mr. WOLVERTON. I can assure the gentleman that already great interest is being displayed by large corporations to come along the New Jersey shore and take advantage of this deeper channel if it is provided.

Mr. KING of Pennsylvania. That is right. Without adequate shipping facilities and the deeper channel, the projects forecast by the Army engineers themselves for the Delaware River could not become a reality. Industrial concerns are awaiting the development of the channel before committing themselves to build new plants and expanding facilities.

I sincerely hope you will see the importance of this and appropriate this $8,500,000 to start this project.

Mr. Chairman, the project of deepening the Delaware River channel is one of vital importance and significance, and I can speak with familiarity on the subject, since I have lived and operated a farm near that river for 33 years.

My district runs along the west bank of the Delaware from Philadelphia to Trenton, and I have been well acquainted with the great expansion of population and the growth of industrial activity in this section during the last 10 years. This channel project will undoubtedly be a great stimulant to further development of this very strategic territory.

The extension of the Delaware River port northward by deepening the channel to Trenton was authorized by this body last year, and it seems to me only proper that we here today appropriate the necessary funds for its start.

There are, in addition, many other compelling reasons for directing the funds to undertake this particular project.

It has been highly recommended by the Corps of Engineers, and endorsed at every level of the Federal Government concerned.

It is of paramount importance to the National Defense. This area's high potential for greater industrial and maritime activity constitutes an important bulwark of the Nation's security, and much of this industrial capacity is equipped for military production.

This port offers a higher guarantee of security than any other port in the Nation for protected loading of supplies and embarkation of military personnel in the event of a national emergency.

In addition, this area offers as fine an opportunity as can be found for creating more commerce, more industry, more jobs, and more production of goods and services to promote healthy economic expansion for the Nation, and a higher standard of living for the American people.

The Delaware has constituted an important seaport for more than 300 years, and along its shores already have grown dozens of important cities and hundreds of thriving enterprises.

As a harbor, the Delaware reaches a distance of 132 protected miles. But, as a first-class international seaport, the harbor's vast potential has been only partly realized. Its 40-foot channel ends abruptly at the southern edge of Philadelphia, leaving 37 miles at the upper end of the harbor in urgent need of modernization and improvement.

It is strategically located with respect to sources of materials, and labor markets to meet today's accelerated demands of defense and civilian needs.

The benefits which will accrue to the people, sometimes thought of only in terms of industry and employment, can

here also be considered in terms of gains to those involved in personal services and farming—including those many miles back from the river.

And the project is most certainly justifiable economically. The ratio of the benefit to the cost of the project has been figured at almost 2 to 1. In terms of dollars, the benefits are estimated at $3,450,000 as against estimated annual charges of $4,370,000.

It is traditional that waterways should be provided by the Federal Government where they are on tidewater, and I ask that we appropriate the sum of $18,500,000 for this project today.

FURTHER INDUSTRIAL DEVELOPMENT AWAITS THE DEEPER CHANNEL

The tidal Delaware flows past more than 8,600 different manufacturing plants, most of which are located in the highly industrialized cities of Wilmington, Del., Camden and Trenton, N. J., and Philadelphia and Chester, Pa.

Deep water all the way to Trenton will make accessible for industry an additional 58 miles of shoreline, now available for industrialization along the upper Delaware, where a lack of deep-water access has prevented the maximum industrialization of this area.

Two-fifths of the over-three-billion-dollar industrial development planned for both sides of the river is north of Philadelphia. All of this enormous expansion will be landlocked by a 25-foot channel, which has already proved too narrow and too shallow even for present navigational needs.

Benefits from the deeper channel will accrue not only to the presently established industrial plants along the river, but also to inland plants, as well as to those which may move into the territory and are sure to be attracted there due to the accessibility of waterborne raw materials and export-trade opportunities.

Without adequate shipping facilities and a deeper channel, the projections forecast by the Army engineers for the Delaware River port will never become a reality. Industrial concerns are awaiting the development of the channel before committing themselves to building new plants or expanding existing facilities in the area.

The CHAIRMAN. The gentleman from New Jersey [Mr. THOMPSON] is recognized.

Mr. THOMPSON of New Jersey. Mr. Chairman, the allegation that the sole beneficiary of this project would be the United States Steel Co. is a fallacious one. Within recent months the United States Gypsum Co. has acquired 500 acres and undertaken the construction of a huge plant on land in my district.

The American Can Co. has acquired and has started operations on a 10,000-acre tract in the district, and there are almost innumerable others.

I would like to point out that there have been many new industries brought into the Delaware Valley area along the river in recent times, within the last 2 years, and that you have the unique proposition advanced for the first time in the history of this Nation that on all of your projects for deeper channels and for harbor improvements in the future, if you allow this to become a precedent, local interests will have to contribute. This is the most notable departure in policy that this Nation has ever undertaken in such a matter.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

(By unanimous consent Mr. McDOWELL yielded his time to Mr. THOMPSON of New Jersey.)

Mr. THOMPSON of New Jersey. For the first time in history on a navigable stream is the possibility that local interests will have to contribute. There is some question about public opinion.

I would like also to say that not only are all of those mentioned by my distinguished colleague from New Jersey [Mr. WOLVERTON] in favor of this, but every major newspaper in the area is in favor of it. Recently I made a poll; I sent out over 6,000 questionnaires to constitutents in this district. We received a 15-percent return, or a total of nearly 700 returns. Of the 700 and some, 680 of the persons questioned were in favor of a deeper Delaware, and only 69 opposed; in other words, 92 percent favored it. Of the same number, 74 percent were opposed to any local participation.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. I yield.

Mr. McDOWELL. I want it to be known that as the only Member of Congress from the State of Delaware I fully join with my colleagues from the States of New Jersey and Pennsylvania to urge the adoption of this resolution.

Mr. THOMPSON of New Jersey. I thank the gentleman.

This partnership policy is advanced by the Bureau of the Budget which has arrogated to itself obligations which you and I are sent here to handle.

(By unanimous consent, the time allotted Mr. TUMULTY was given to Mr. THOMPSON of New Jersey.)

Mr. THOMPSON of New Jersey. Mr. Chairman, I think the most important thing involved here is not only the matter of the expansion of the economy of three great States but a principle which endangers each and every congressional district in this land—this new departure called a partnership.

I would like to point out in conclusion that the three huge tankers or ore boats that have been mentioned must be phantom ships because I have not seen evidence of their existence.

The Delaware Valley has advanced a great deal since George Washington was there and will advance a great deal in the future because it is the fastest growing industrial area in the world today.

Mr. TUMULTY. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. I yield to the gentleman from New Jersey.

Mr. TUMULTY. May I say to the gentleman that I come from northern New Jersey. I am not in any way selfishly connected with this request. But I support the gentleman wholeheartedly in the request because I feel this is a contribution not just to the Delaware Valley but to the entire Nation.

Mr. THOMPSON of New Jersey. I thank the gentleman.

Mr. McDOWELL. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Delaware?

There was no objection.

Mr. McDOWELL. Mr. Chairman, American history provides the answer to the question of a local contribution toward improvement of the Delaware estuarial harbor. There can be no such contribution unless we are to revert to the conditions of the early 1800's. Congress recognized this fact in the act of September 3, 1954, which authorized the expansion of the Delaware estuarial harbor. Congress then prescribed that the expansion is to be a full Federal responsibility.

Our country has grown and prospered until it is now the leader of the world. This was not always the case. We grew from small beginnings.

The Constitution was adopted in Philadelphia by men of tremendous acumen and foresight. That document stands out in the history of governments as the most perfect political instrument ever devised by the minds of men. The strongest factor that impelled the forging of the Central Government was the vital need for free and uninterrupted commerce in our ports and harbors and on our rivers. The attention of our Founding Fathers to the pressing needs of waterborne commerce was paramount, because it was then, and it is today, the economic lifeblood of the United States.

The Constitution vested in the Central Government the responsibility for commerce and navigation. This responsibility must be exercised today by the Federal Government in the manner shown by our historical development. That is, the Federal Government must, in order to discharge its historic duty, expand the Delaware estuarial harbor as a full Federal responsibility.

Any suggestion that the Federal Government require any money contribution by local interests to the expansion of the Delaware esturial harbor is wholly inconsistent with the Federal Government's own historic assumption of responsibility for waterborne commerce. It was through the influence of Washington, Hamilton, Jefferson, Gallatin, Madison, Monroe, Clay, Calhoun, and John Quincy Adams that the United States began the improvement of its ports, harbors, and waterways.

Local cooperation then and today means the same thing. Congress in 1925 authorized a deepening of the Delaware estuarial harbor from Philadelphia to Trenton—and required in the form of local cooperation that local interests provide public terminals at Trenton, satisfactory rail and highway connections therewith, and suitable areas for the disposal of dredged materials. This is precisely the type of local cooperation that Congress prescribed in 1954 for further

deepening of the Delaware estuarial harbor.

The Delaware estuarial harbor since early Colonial times has been a natural asset of this country. It belongs not just to the people of Delaware Valley but to the whole United States, as a natural outlet to the ocean highways. In thinking of this great harbor and the other natural ports of the country, recognition should be given to the facts that every third bushel of wheat raised by American farmers goes to sea, that 102,000 farm-machinery workers in Illinois, Missouri, and Wisconsin owe their jobs to exported machinery, and that more than 75,000 men and women in auto-assembly plants of those 3 States earn $80 million a year through the shipment overseas of 1 out of every 20 cars they produce.

The Federal Government already has borne the whole cost of navigation on the Ohio River and its tributaries at a cost approaching $400 million. Navigation on the Mississippi always has been recognized as a full Federal responsibility. How, then, can the Federal Government fail to shoulder its full responsibility for the Delaware seaport?

The harbors and rivers of this country are national and not local. If we are to retrogress to the 1800's, it would be appropriate to revive the tonnage duties levied by the Commonwealth of Pennsylvania under its law of 1805. Thus, every ship which enters or clear the Nation's second to the largest seaport would help pay for the expansion of the Delaware Harbor. History has overtaken such lack of perspective—and our historic national policy has long since established the full Federal responsibility for the Delaware estuary.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. SCOTT].

Mr. SCOTT. Mr. Chairman, objection to this project is supported by those who think it should not be begun at this time on the ground that local contribution should be required from a single interest, whereas, as a matter of fact, there are at least three substantial enterprises involved on the upper Delaware already and a great many additional projects available and prepared to come in if this dredging takes place.

The argument of local contribution as a precedent in other parts of the country was furnished by representatives of the Corps of Engineers who cited 10 such occasions. I will include as a part of my remarks those 10 occasions. But not a single one of them is analogous to a large port or estuary, none of them was analogous to the Delaware River Valley. I state the reasons why because I do not have time to go into them here. Most of them were original projects, such as the cutting of a new channel that had not been there at all or the deepening of a river which was not navigable in the beginning or because of certain land enhancement benefits. So the parallels do not apply. On the question of local contribution, as a matter of fact not $18 million as suggested but $31 million of local contribution has already been committed for this purpose.

IDEA OF LOCAL CONTRIBUTION IS FUNDAMENTALLY FALLACIOUS

Mr. Chairman, deepening the Delaware's upper reach to its authorized depth of 40 feet to Newbold Island, and 35 feet to Trenton, is sound, needful, and in the public interest. The Delaware River port area exerts a tremendous influence on the economy of the Nation, and the port is an extremely profitable enterprise for the Federal Government. There will be no harmful effects from the channel deepening from the local point of view. It is therefore only good business on our Government's part to proceed immediately in appropriating funds for the first year's work.

Recommendations made concerning a local cash contribution of $18 million should be rejected as being fallacious upon a fundamental ground. The improvement of navigable streams to promote commerce is a governmental function, just as construction and maintenance of highways and bridges, and the operation of judicial systems are equally important governmental functions.

The maintenance and operation of governmental functions have always been paid by taxation pursuant to general laws and uniform rules. This is a fundamental principle of democratic government.

Partial list of examples of navigation projects on which there have been cash contributions by local interests

Name of project	Authorization	Total construction cost of work subject to local contribution	Local cash contribution [1]	Percent local cash contribution	Comments
Stockton Channel, San Joaquin River, Calif.	Jan. 21, 1927; H. Doc. 554, 68th Cong., 2d sess.	$4,721,000	$1,307,500	28	The local cash contribution was estimated at 50 percent of the cost of dredging the channel at the time of authorization, and was based on land enhancement benefits. The requirement for local contribution was for a fixed dollar amount, so that as costs increased over the original estimate, the United States paid all of the increase.
Modification of Stockton Channel, San Joaquin, Calif.	May 16, 1950; H. Doc. 752, 80th Cong., 2d sess.	4,744,000	530,000	11	Local contribution based on land enhancement benefits.
Houston ship channel, 25-foot depth, Texas.	June 25, 1910	2,412,500	1,206,300	50	Harris County navigation district was required to contribute half the cost of the channel dredging. Reason not specified in authorizing act.
Houston ship channel, 30-foot depth, Texas.	Mar. 2, 1919; H. Doc. 1632, 65th Cong., 3d sess.	2,730,000	1,365,000	50	Cash contribution required from local interests was paid by local navigation district.
South channel, Raritan River, N. J.	Aug. 26, 1937; River and Harbor Committee Doc. 74, 74th Cong., 1st sess.	132,000	66,000	50	Cash contribution required because primary use of south channel was by traffic to Titanium Pigment Co.
LaQuinta plant channel, Port Aransas-Corpus Christi Waterway, Tex.	Sept. 3, 1954; H. Doc. 89, 83d Cong., 1st sess.	1,658,200	829,100	50	Cash contribution of 50 percent of the cost of the work was required because the channel is primarily for 1 beneficiary, the aluminum reduction plant of the Reynolds Metals Co. The company has already performed some of the work and under the authorizing act, this work will be accepted toward the cash contribution.
Town River, Quincy, Mass.	Sept. 3, 1954; H. Doc. 108, 83d Cong., 1st sess.	700,000	175,000	25	Cash contribution of 25 percent of the first cost of the work required because the channel would serve only the terminal owned by Quincy Oil Co. However, as the terminal is leased by several oil distributors, the usual requirement for 50 percent local contribution was reduced to 25 percent in this case.
Rice Creek, Putnam County, Fla.	Sept. 3, 1954; H. Doc. 446, 82d Cong., 2d sess.	164,400	82,200	50	Cash contribution of 50 percent of the cost of the work required because all of the evaluated benefits were to traffic bound for the plant of the Hudson Pulp & Paper Corp.
Shoal Harbor and Compton Creek, Sandy Hook Bay, N. J.	Sept. 3, 1954; H. Doc. 89, 82d Cong., 1st sess.	276,000	138,000	50	Cash contribution of 50 percent of the cost of the work required because the primary use of the waterway would be by vessels serving J. Howard Smith, Inc., menhaden processors.
Columbia and lower Willamette Rivers, below Portland, Oreg., and Vancouver, Wash.	July 3, 1930 River and Harbor Committee Doc. No. 8, 71st Cong., 1st sess.	4,366,000	[2] 3,000,000	69	Project adopted by this act was to dredge a 35-foot channel between Portland and the mouth of the Columbia. The Federal Government was to provide the channel in the Columbia from the mouth of the Willamette River to the mouth of the Columbia while the channel in the Willamette up to Portland was required to be dredged by the port of Portland, Oreg. Later, the port of Portland was relieved of this obligation to maintain its section of this channel.

[1] In addition, in most cases, local interests have been required to furnish all lands, easements, and rights-of-ways, to hold and save the United States free from damages arising from the work, and to make any utility relocations necessitated by the work.

[2] Expenditure by port of Portland on 35-foot channel. On previously authorized projects for Columbia and lower Willamette Rivers, the Federal Government had spent about $17 million and the port of Portland about $6 million for channel dredging and $4 million for harbor dredging. In addition, the port spent over $10 million for terminal facilities.

An analysis—"Precedent channels" and Delaware River Port at time of authorizations

Project	Date	Channel	Depth	Commerce	Tonnage (short tons)	Population
Rice Creek, Fla. 10 miles long, through low swampy lands.	1946	Main section	— feet controlling across mouth.	Fuel oil	23,000	Putnam County, 23,600.
Shoal Harbor—Compton Creek, N. J. Small stream rising near Middletown.	1946	do	— feet extending 1.3 miles up Compton Creek.	Fish products	65,000	Port Monmouth, 1,800.
Town River, Quincy, Mass. Tributary waterway to Boston Harbor.	1946	Access	— feet for 1.3 miles; thence 15 feet for ⅓ mile upstream.	Petroleum products.	222,768	Quincy, 83,000.
Stockton, Calif. (channel and San Joaquin River). Inland port, connected with Pacific Ocean.	1945	30-mile ship canal.	— feet for 40 miles; thence 26 feet to Stockton Channel; thence 9 feet.	Vegetable and food products; nonmetallic minerals.	San Joaquin River, 996,000; Stockton Port District, 741,500.	Stockton, 70,853.
Raritan River, N. J. Flows southeasterly 70 miles into Raritan Bay.	1935	Tributary stream.	25 feet for 2.1 miles; natural deep water for 2.2 miles; 15 feet for 4.2 miles; 10 feet for 5.3 miles; south channel 10 feet for 3.2 miles.	Coal, gypsum, oil, lumber.	5,000 000	Tributary area, 75,000.
Port Aransas-Corpus Christi Waterway, Tex.	1952	Access	12 feet to town of Port Aransas.	Seafood	Not available	Corpus Christi, 108,300; Nueces County metropolitan area, 165,500.
Houston Ship Channel, Tex.[1]	1943	Manmade ship canal.	14 feet	Minerals; animal products.	25,600,000	Houston, 384,514; Harris County metropolitan area, 528,961.
The Delaware River Port—Trenton to the Sea (largest fresh-water port in the world).	1954	Main section	— feet; thence 37 feet; 25 feet to Trenton.	41 diversified products.	73,432,038	14-county area, 4,728,900; 300-mile circle, ⅓ United States population.

[1] Historically not analogous to the Delaware River. Houston not on a navigable body of water in same sense Philadelphia has been since Swedes landed on the Delaware, as "the Delaware River below Philadelphia in its natural condition had a channel 175 to 600 feet wide and a controlling depth of 17 feet" (Corps of Engineers' History of the Delaware).

ANALYSIS OF THE SO-CALLED PRECEDENTS FOR A CASH CONTRIBUTION

Presented herewith is a brief, factual analysis of each of the seven projects cited as "precedents" for requiring a cash contribution by Delaware port area interests toward the cost of a 40-foot channel in the Delaware harbor. None of these cases, the joint executive committee is convinced, is comparable to the authorized improvement of an established seaport where international commerce has been carried on for more than 200 years.

Raritan River, N. J.: The Raritan River flows 70 miles down to the sea as a westerly extension of the bay of New York Harbor. At a time when the main channel in the Raritan ranged from 10 to 25 feet deep, the Corps of Engineers recommended that the Titanium Pigment Co. contribute 40 percent of the cost of deepening to 25 feet a tributary channel to the pigment company plant, situated in an area where, the district engineer said at the time he studied the project, there appeared to be little present prospect of any new development of any kind. Incorporated communities adjacent to the project for which a $66,000 contribution was required, now have a combined population of less than 75,000. At the time of the engineers' studies, only 5 million tons of cargo moved through the Raritan Channel, main and tributary, in a year, compared with 80 million tons through the Delaware River port area, which has a population of 4.7 million.

Rice Creek, Fla.: Rice Creek is a stream 10 miles long flowing "through generally low, swampy, densely forested lands." The banks of the creek are thickly covered with brush and with large trees that overhang the stream. Putman County, Fla., through which the creek flows, had an estimated population of 26,600 last year. At a time when the controlling depth of the creek was 6.6 feet, the Corps of Engineers recommended a deepening of the stream to 12 feet up to the plant of the Hudson Pulp and Paper Corp., the only current or foreseeable user of the creek, provided the paper company contributed half the cost of the improvement. That amount proved to be $82,200. There were no records of commerce on the creek, because it had never before been a Corps of Engineers' project. The lands bordering Rice Creek are generally uninhabited; no public piers or wharves had been erected along the stream.

Town River, Mass.: Town River is a tidal river 2 miles long, with 1.6 miles containing a navigable channel. The river is connected with Boston Harbor through the intervening Weymouth Fore River; it is, then, a tributary to a tributary to a main shipping channel. Shipping on Town River is something in excess of one-half of 1 million tons a year, or less than one-fourteenth of the shipping that moves up the Delaware channel between Allegheny Avenue and Trenton. The river is wholly within the corporate limits of Quincy, Mass., which has a population of around 90,000. The Corps of Engineers recommended that the Town River channel be deepened from 24 to 27 feet, provided the Quincy Oil Co., to which practically all the shipments up the river are consigned, pay 50 percent of the cost of the project. That contribution proved to be $111,400. Town River, it might be added, was originally dredged to a depth of 4 feet in 1907.

Shoal Harbor-Compton Creek, N. J.: Shoal Harbor is a shallow indentation on the south shore of Sandy Hook Bay, 19 miles south of the Battery, which is at the tip of Manhattan Island. Compton Creek is a small, meandering stream flowing for six miles into Shoal Harbor at Port Monmouth, N. J., population about 2,000. At at time when the navigation channel 1.3 miles long was 8 feet deep, the Corps of Engineers recommended that it be deepened to 12 feet, to the first bend in the creek, provided J. Howard Smith, Inc., fish-processing concern, paid 50 percent of the cost. That contribution is listed by the corps at $138,000. Annual average commerce up Compton Creek was found to be 65,000 tons, compared with 80 million in the Delaware estuarial harbor. About three-fifths of the commerce on Compton is in menhaden fish. When the Corps of Engineers recommended the deepening of Compton Creek to 12 feet, it forecast that the commerce in menhaden fish would reach 100,000 tons in a decade.

Port Aransas-Corpus Christi Waterway: Corpus Christi is situated west of the Gulf of Mexico on a bay which, in its natural state, is "a large, shallow body of open water," having general depths of 11 to 13 feet. In order to hasten the day when Corpus Christi would be established as a deep-water port, and thus clearly a responsibility of the Federal Government for future improvement of navigation, the people of that area did contribute some $411½ thousand in public funds for some of the deepening of the waterway that extends 30¼ miles from the Gulf of Mexico. Their contribution was exactly like those by the taxpayers of Philadelphia and of Pennsylvania in the earlier stages of the Delaware channel development, in order to bring it to a position of clear and unquestionable national and international importance. Corpus Christi became a deep-water port in 1926, through the creation in that natural shallow bay, of a channel 36 feet deep. The project cited as one "precedent" for requiring a contribution by local interests to deepening the Delaware channel, does not involve the Port Aransas-Corpus Christi Waterway itself. On March 15, 1951, the Reynolds Metals Co. proposed that a branch channel 36 feet deep and almost 6 miles long be dug from the waterway to the company's aluminum plant on the north shore of the bay. Natural depths in that part of the bay where the company proposed a branch channel be dredged, range from 0 to 12 feet; and the only commerce traversing that section before the aluminum plant was built consisted of seafood in amounts probably not exceeding several hundred tons annually. The Corps of Engineers recommended construction of the branch channel, but to a depth of only 32 feet, provided Reynolds Metals contributed 50

percent of the estimated cost. That contribution is presently estimated by the corps at $829,000.

Stockton Channel, Calif: By the work of man, rather than nature, Stockton has become the only inland deep-water seaport in California. That city lies about two miles off the natural course of the San Joaquin River, with which it is connected by an artificial cut extending into the heart of Stockton. Stockton itself is near the eastern edge of a huge area which once was marshland and tidal flats cut by sloughs and overflow channels, but which has been reclaimed by the construction of levees. The San Joaquin River provides a navigable waterway 30 feet deep to Suisin Bay, through which a deep-water channel stretches to San Francisco, about 80 miles from Stockton. In order to have a shipping channel into the city, the people of Stockton contributed $1.3 million in public funds toward a 26-foot channel into that municipality. In 1950, the Corps of Engineers recommended, and Congress authorized, the deepening of the Stockton channel to 30 feet; construction of a new turning basin; improvement of an existing basin, and the building of a leveed channel around a nearby island that is a United States Navy reservation, provided local interests contributed $530,000 in cash, progressively as the project was carried out. The authorization stipulated that the cash contribution was required because of local "land enhancement benefits" which is entirely different from the case of a project like the authorized improvement of the Delaware estuarial harbor as a full Federal responsibility, because it has been adjudged to be in the interests of the Nation's economy and defense.

Houston ship channel, Texas: Now one of the busiest ports in the United States, Houston was originally situated on a bayou, or shallow meandering tidewater flat, around 50 miles away from naturally deep water. Lying inland from Galveston Bay and across that bay from the Gulf of Mexico, Houston determined to reach the point where its ship channel could qualify for full Federal responsibility. To that end, the citizens of Houston and surrounding Harris County contributed some 2.77 million to the channel in which the first Federal project—authorized in 1877—was "a cut 7.5 feet deep, 1,500 feet long." That contribution was made toward bringing the channel to a depth of 30 feet, just as the citizens of Philadelphia and the Commonwealth of Pennsylvania contributed generously to accelerating the development of the Delaware shipping channel to 30 feet and to the establishment of the Delaware port area as one of national importance, fully qualifying as a full Federal responsibility.

LOCAL CONTRIBUTIONS TO THE DEEPENING OF THE DELAWARE RIVER PROJECT

Many millions of dollars have already been invested by local interests in the Delaware River port in an effort to maintain its position as one of the Nation's ranking ports. This investment serves as an outstanding example and forceful reminder of the interest and confidence of the area in its great seaport.

Expenditures by the city of Philadelphia, the Pennsylvania Railroad, the Reading Co., and the Baltimore & Ohio Railroad, for wharves and docks, grain elevators, terminal storage warehouses, coal dumpers and other handling facilities have been placed by the district engineer at $120 million. The investment in marine terminals alone on the Delaware amount to $14,400,000. Nine and eight-tenths miles of the city's waterfront is not served by a deep channel—Allegheny Avenue, North. On this stretch the city of Philadelphia and the railroads have had no inducement to invest millions of dollars on improvements with no foreseeable return on their investment, which can only come about through increased water-borne commerce.

Also to be included in the total investment of the port are the many millions spent by private interests in company-owned marine-handling facilities, and huge sums invested in private channels and turning basins. In this latter regard the United States Steel Corp. has complied with the recommendations contained in the report of the Board of Engineers for Rivers and Harbors by providing a turning basin and dock facilities at the Fairless plant, costing $5,300,000. The steel corporation is further committed to an expenditure of an additional $600,000 to $800,000 in bringing down the depth of the turning basin to 40 feet in the advent of a 40-foot main channel.

The Delaware River Port Authority has recently initiated action to make a substantial contribution to the improvement of the port by offering to underwrite the cost of a high-level bridge to replace an existing low-level structure over the Delaware River between heavily industrialized northeast Philadelphia and rapidly expanding Burlington County, N. J. A high-level span replacing this bridge, the Tacony-Palmyra Bridge, alone would by a conservative estimate cost $25,000,000. With adequate approaches and connecting roads the final cost will double the figure. It is understood that the Port Authority will make no request for Federal cost participation in this project, although the replacement is essential to the full and unimpeded utilization of the authorized 40-foot channel. It should likewise be noted that the $25 million-plus cost of this improvement exceeds the $18 million contribution local interests are being called upon to pay as their share of the channel deepening.

Mr. GRANAHAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GRANAHAN. Mr. Chairman, as the author of a bill to appropriate $25 million for a start on the Delaware River deep-water channel from Philadelphia to Trenton, I am of course in favor of this amendment to appropriate $18,500,000 in the public works appropriation bill now before us. I would like to see a higher figure adopted; knowing, however, that getting any funds at all over the opposition of both the President and the Appropriations Subcommittee will be a difficult thing, I am willing to settle for this amendment.

Granting that this looks like a lot of money—and, of course, it is a lot of money—nevertheless it is only fair to point out that in this bill we are appropriating nearly 100 times that amount of money, and much of that for flood control and harbor improvements.

Among others, we are appropriating $58 million for the Dalles Dam in Oregon, $23 million for the Oahe Reservoir in South Dakota, $16 million for the Chief Joseph Dam in the State of Washington, $18 million for the Garrison Reservoir in North Dakota, $12 million for the Gavins Point Reservoir in Nebraska, $11 million for the Table Rock Reservoir in Missouri, and so on. So this amendment would not, by any means, be the only large-scale item in this bill, nor the biggest one.

But even if it were the biggest item—or the only item of such magnitude—I do not think we from the Philadelphia-New Jersey-Delaware area would have to stand up here and apologize for asking for so much Federal money. Let me point out that this area of the Delaware River Valley—the Pennsylvania-New Jersey-Delaware area directly affected by this channel improvement—pays into the Federal Treasury each year in individual and corporation income taxes a total of about $3½ billions. The 3 States pay nearly $3 billion a year.

I do not want to draw any embarrassing or unfavorable comparisons, Mr. Chairman, but I would remind some of our friends here, who delight in calling for Government economy under any and all circumstances, that the $3½ billion in Federal income and corporation taxes paid by the people of the Delaware River valley, who would be aided by this amendment, is more—much, much more—than the amounts paid by all the residents and all the businesses of any State except New York, Ohio, Illinois, Michigan, and California.

And what we in the Philadelphia area pay in Federal taxes each year makes up a large portion of the more than $5 billion paid by the State of Pennsylvania.

So we are not here hat-in-hand asking for a handout of money paid into the Treasury by the taxpayers of other States; we are asking for a fair and decent return of some of the vast sums of money we pay into the Treasury each year to build dams in virtually every State of the Union, and to improve harbors in New England, the South Atlantic States, the gulf area, and the west coast.

THE LOCAL COOPERATION CONCEPT

Mr. Chairman, the reason there was no money in the Eisenhower budget for the Delaware River project is that somewhere along the line some theorist sold the President on a bill of goods that this project would benefit only one firm, United States Steel, a firm which could well afford to pay some portion of the

$90 million cost of the project. But even though the Congress considered this argument last year in acting on the authorization bill for this project—and considered it thoroughly—and even though Congress turned it down as not being in keeping with our traditional policies of waterways improvements, and even though the President makes a great claim of wanting to act at all times in conformance with the laws passed by Congress for the administration of the executive agencies—even then, Mr. Chairman, he has held stubbornly to this mistaken idea that United States Steel alone will benefit and thus should pay this large contribution of $18 million.

Thousands of words of testimony—hours upon hours of testimony—were presented to the eastern panel of the Public Works Appropriations Subcommittee on the fallacies of the President's argument and position. It was proved that this is not an improvement to benefit one firm, but a much-needed project to open up a whole vast new industrial area for ocean commerce.

The President was wrong in his position—completely wrong. The Appropriations Committee, and particularly the Public Works Subcommittee, well knows how wrong is the President's position on this matter of private contributions. Through the years, no such local contribution has been required for a project so general in its benefits. Yet, in this instance, the subcommittee appeared so anxious to acquire a reputation for economy that it took advantage of the opportunity handed it by the President's position on this project and so left the Delaware project out of the bill. Thus we see the proud boast in the committee report of cutting more than half a billion dollars from the President's budget requests. Had $25 million, or even $18 million been included in the bill as we had asked, the committee's net cuts below the President's budget would have been less than half a billion. Was this project therefore sacrificed to mere mathematical boastfulness?

I say, Mr. Chairman, that the $45 million a year which the port of Philadelphia now collects in customs easily covers the amendment which we are offering to add $18 million to the bill to start this project. In 2 years time, customs receipts from Philadelphia will pay for the cost of the entire project—the entire $90 million. Spending the money to improve the channel to the necessary 40-foot depth will assure a continuation of those tremendous customs receipts, by keeping the port abreast of shipping needs so that ships can continue to use the Delaware to good advantage.

In view of the support which we in the Delaware River Valley area have given over the years to flood control, to reclamation, and to other resources programs which have benefited every part of the country, we are certainly entitled to this modest consideration today in getting our own big and vital project underway.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. BARRETT].

Mr. BARRETT. Mr. Chairman, on May 5, 1955, a hearing was held before the Subcommittee of the Committee on Appropriations of the House on the public-works appropriations for 1956. At that time, 27 witnesses appeared in support of the $25 million appropriation for the deepening of the Delaware River Channel to a depth of 40 feet. I was one of those witnesses who appeared in support of the established policy that the Federal Government was responsible solely for the development and upkeep of our ports and waterways.

As you know, the moneys were appropriated for this project by the Congress last year and approved by the President of the United States. This course of action was taken on the recommendation of the Chief of Engineers, who strongly endorsed this project by saying, and I quote:

> A 40-foot channel is the most suitable development of the waterway in view of the industrial growth now taking place and planned in the Delaware Valley, and such a channel would unquestionably contribute to the general welfare of the region which represents an important segment of the national economy.

However, it appears the action of the Congress is not to the liking of the Bureau of the Budget, which attached a string, so to speak, to the appropriation. The Bureau favors granting the money, but stipulates a local contribution of $18 million will be required before the authorization can be made. Although no mention was made why such a contribution is necessary, I believe it has to do with the location of one particular plant now operating along the river.

Why, I do not know, because the tidal Delaware flows past more than 8,600 manufacturing plants, all of which would derive the same benefits.

All throughout the hearings many of the witnesses detailed the benefits the Nation as a whole would derive from this completed project.

In my testimony I attempted to point out another phase, which I consider most important. After considerable research I found that between the years 1950 and 1954, 120 accidents occurred on the Delaware. The number of vessels involved was 169 and the total damage amounted to $13,445,845. The cost in human lives was 28.

Of the 120 accidents reported during this period, 57 were listed as grounding with damage amounting to $202,717. Thirty-nine collisions between vessels were recorded with an established damage of $12,597,830. There were 11 instances where vessels collided with bridges and piers. The damage was $186,100. A $459,198 damage was reported as the result of collisions with other objects in and along the channel.

It is ironic that we stand here today appealing to our colleagues for money to improve the economy of our Nation, when with the other hand we freely give away billions for foreign aid and appropriate $32 billion for national defense. I am heartily in favor of the defense appropriation, but why must we fight for this channel appropriation when it, too, would be a valuable asset to our national defense.

Philadelphia is the greatest fresh water port on the eastern coastline and the Delaware River is one of the best-known waterways in the country. In fact, every schoolchild knows the story of the historic crossing of the Delaware by Gen. George Washington.

The present administration is constantly reminding the membership that the budget must be balanced. However, when a no-risk, high-return investment proposal is offered, the yellow light of caution is flashed. Do you know that for every dollar so far invested in the Delaware River project our Government of the United States has received a return of $16.22. This figure is based on the Government expenditure of $124 million in port development—as compared to the total Federal revenues from the port of $2,100,000,000 over an 80-year period.

The improvement of the port is a continuing matter and the private and public expenditures are tangible indications of the faith the people in the area have in the future of the Delaware River port.

If a 40-foot Delaware Channel is in the public interest it should be treated as a public improvement and built with public funds.

During my years in Congress I have always tried to do the greatest good for the greatest number. The deepening of the Delaware River Channel would accomplish this aim and, therefore, I strongly urge the appropriation be approved.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FENTON].

Mr. FENTON. Mr. Chairman, I regret exceedingly that the Bureau of the Budget saw fit to refuse money for the start of this great project on the Delaware River. Now, I know there has been a lot of confusion about this project, but it is an authorized project, and this House passed on its authenticity.

Mr. Chairman, I am rather confused with some of the opposition here. It has been pointed out that one of the opponents has a steel mill in his district, and another opponent has several steel mills in his district. I have no steel mill in my district at all, and I have no brief for any particular corporation of that type, but I am particularly interested in the State of Pennsylvania growing and thriving.

Mr. Chairman, the district that I have the honor to represent is about 80 miles from the Delaware River Valley, and even at that distance it is a source of aid to some of my constituents.

Coming from the anthracite area of Pennsylvania and having a serious unemployment problem, I feel that any area that can offer jobs to my unemployed is worthy of my support.

Some of my constituents travel 60 to 80 miles and return daily in order to make a living for their families. Some of them return home for weekends.

Therefore, if this project is completed as authorized, I am confident that the Delaware Valley will grow industrially and be a source for more employment to distressed areas contiguous to that valley.

I am, therefore, in favor of the amendment offered by my colleague the gentleman from Pennsilvania [Mr. FLOOD], and hope for its adoption.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania, [Mr. CHUDOFF].

Mr. CHUDOFF. Mr. Speaker, I come from a part of Philadelphia that does not border on the Delaware River at all. I have the Schuylkill in my district, and I could very well sit by and say, "I made my money last year and the year before and the year before that" and leave it at that. But, the United States Steel Corp. did not come up the Delaware River in a wilderness and establish a plant and say to the United States Government, "You do the job now. Give us a deep river." The Delaware River Valley covers a great area, and we have contributed and cooperated in every fashion with all industry along the river. I tried to check into the amount of money that was actually spent in developing the valley to date, and I can safely say to you that it is approximately a billion dollars. We have done our share. The cities of Philadelphia, Camden, Trenton, and Wilmington, and the States of Pennsylvania and New Jersey have contributed approximately $500 million to develop the river and the harbor facilities. The city of Philadelphia alone last year set up a capital budget of $50 million for improvements along its part of the riverfront and $1 million for maintenance costs.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. CORBETT].

Mr. CORBETT. Mr. Chairman, I rise in support of this amendment for a number of reasons. No. 1, even though I come from Pittsburgh the steel center of the world in western Pennsylvania, I have been impressed over the years with the need of dispersing some of our war potential industries such as the steel company is in the Delaware Valley, and all the other industries that may go there. Certainly a channel such as is proposed by this amendment is a rather bombproof facility. We folks in Pennsylvania are having to pay our share for the St. Lawrence Seaway to bypass all of our industries and transportation facilities. We have contributed to projects all over this Nation to the tune of about one-tenth of all the Federal expenditures for the same.

Mr. Chairman, I submit, therefore, that this project not only is in the interest of national defense by dispersing our steel facilities, but it is a very fair and proper request, and I believe that finally we should recognize that in building up this great new Delaware River Valley we are doing something for national defense just as important as though we were building a munitions plant, because we do not fight a war without steel.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, the committee brought out a very fine bill, with a lot of thought to it and a lot of consideration. The Committee of the Whole has pretty well destroyed the bill the committee brought out. But we put into it some very fine projects over the country. We put into it some needed projects, some flood-control projects that were needed all over this country.

Now you are proposing to jeopardize every flood-control project in the United States. If you give the people of the United States the opportunity to prove, as you will if you approve this amendment, that this is nothing but a pork barrel and nothing for the people but for one great corporation, then you will have jeopardized every small flood-control project in here.

Do not think that you can sell the American people on the idea of giving a subsidy, a new subsidy, an additional subsidy of $104 million to the United States Steel Corp., this afternoon.

The CHAIRMAN. The time of the gentleman from Texas [Mr. POAGE] has expired.

The Chair recognizes the gentleman from Pennsylvania [Mr. BYRNE].

Mr. BYRNE of Pennsylvania. Mr. Chairman, the deepening of the channel in the Delaware River is a matter of great concern to me and to my people in Philadelphia. Indeed its effect is much farther reaching. And this new-fangled proposal to further tax the patience and the pocketbooks of local interests by way of participating in the cost of a project of this size is something which I don't want to see happen at this time. This is a serious matter and proposes that we become guinea pigs in a new experiment.

This channel deepening is much needed, not only for the welfare of the area which I represent but for the sake of our economy which will be represented by increased revenues from this expenditure.

It has been shown that during the past 50 years the development of the Delaware River has cost the Government $105 million, yet for each of these dollars the Government has received $14.25 in return. And there is every reason to believe that this return will be greatly increased in the coming years because of the value of this project to the Nation.

Access to cities on the upper end of the Delaware River by large ships will bring new industry into the area.

The employment problem, which is of such grave concern today, particularly to the residents of Philadelphia, will certainly be alleviated by the creation of new jobs. Business will be so greatly buttressed by this channel project that people from other parts of the United States will be drawn to the Delaware River Valley to make their livelihoods. Furthermore, the impetus to the shipping industry and to allied industries—trucking, railroads, and so forth—will be increased by attractions of a port accessible to the sea.

The Delaware River Valley is of strategic importance to the future security and national defense. The diversified industrial power of the river basin is a keystone in the Nation's arsenal. Much of this industrial capacity is equipped for military production. The area includes such vital facilities as the Philadelphia Naval Base, shipyards, steel companies, and the Frankford Arsenal. Other important installations are definitely planned, which will further increase the value of the area to the Armed Forces.

The natural advantages and enhanced security which the Delaware River Valley enjoys, however, is totally wasted unless joined to it is a major program of channel deepening undertaken as an urgent project in the national defense.

Mr. Chairman and members of this Committee, I urge you to give prompt approval of this project.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. BYRNE] has expired.

The Chair recognizes the gentleman from New Jersey [Mr. SIEMINSKI].

Mr. SIEMINSKI. Mr. Chairman, I am for this amendment for two reasons; it will contribute to the wealth of the United States and strengthen the staying power of the Atlantic coast should transportation facilities in the Port of New York area or the sensitive locks at Sault Ste. Marie on the Great Lakes be crippled or knocked out.

Now that it appears that the mood of the Congress is to cut down on offshore and overseas spending, we have, it appears to me, a great chance in this amendment to put the drumfire motto of my distinguished subcommittee chairman, the gentleman from Ohio [Mr. KIRWAN] to work. Every time his bill on the interior is up, the gentleman from Ohio [Mr. KIRWAN] insists that "we spend money to increase the wealth of America." This amendment seeks to do just that.

I do not think we should suddenly take a slug at United States Steel or any other corporation for the sake of a slug or a scattered cheer. Rather let the giants and the Mr. Big's slug it out with each other, be it Bethlehem Steel—getting fine help from Uncle Sam in its shipbuilding subsidy program—or Youngstown Sheet and Tube or United States Steel. Let the fur fly and the big giants slug it out so long as their furnaces billow smoke and their chips fill the pockets of the working men and women and investors of America.

Oh, of course, I could belt Tidewater Oil. Co. They pulled stakes from my district in Bayonne last year and moved to the Delaware River basin enjoying a great tax break. They left a lot of my people flat, without jobs, being rather cold-hearted about the situation. It would be easy to point the finger at Tidewater and say "wise guys, I'm going to pay you back in kind and vote against helping you with this amendment because you hurt my people." Sure. But we do not work that way up my way. It resolves nothing. This amendment does. That is why I am for it, Mr. Chairman.

This amendment when passed will put Mr. KIRWAN's motto to work. It will create wealth and build America.

This amendment when passed will put Mr. WALTER's immigration bill to work. It will create jobs and enable more people to seek sanctuary here.

This amendment when passed will disclose the men of vision as against those with "benefit-to-cost ratio" halters on their eyes, especially when they, like the men of the Cortes in Spain in 1492, seem

to hesitate to venture funds on projects deemed visionary. The wealth of America was not listed on any budget or balance sheet in Europe in 1492. There are some in America, who, even now, with the wealth of America rolled before their eyes, appear as limited in vision as were the men of the Cortes in Spain in 1492, Christopher Columbus notwithstanding.

When smokestacks belch smoke, when shovels spade the soil, when propellers churn the waters and jets streak the skies, and the hand of man is at the throttle, the switch, or the wheel, we build wealth, Mr. Chairman, we make jobs and create families and grow strong. Money for this amendment is fuel for the future families of America. It should pass. I hope it does. It will add to the payrolls of the United States and put money in flow, and money in flow, like blood, energizes man. What's wrong with that? Otherwise money is paper, fit for the fire. On the shelf or in a vault, money will not dig a ditch or build a tank. Let's put money to work. This amendment does. It should pass.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. QUIGLEY].

Mr. QUIGLEY. Mr. Chairman, I rise in support of this amendment. In doing so, I am reluctant to take issue with the dean of my delegation and the distinguished gentleman from Texas and the distinguished gentleman from Ohio. I appreciate and admire their motives in fighting for and trying to protect the interests of their own districts.

I am not part of the Delaware Valley. I am located in central Pennsylvania at least 100 miles away. Whether this amendment is adopted or not, I do not know whether it will be of any economic value to my constituents this year or in the next 50 years. However, I recognize the Delaware Valley as one of the greatest potential industrial areas in the world. This measure is going to pass in this session or the next or the next, and I think now is the time it should pass.

In taking a forthright stand in supporting this amendment, I resent any implication that I am in any way beholden to or am a stooge for United States Steel. I would suggest that in my efforts to get to this distinguished body I received even less help from United States Steel than I did from the committee headed by the distinguished gentleman from Ohio.

I sincerely urge you as a public benefit to support this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. MARSHALL].

(By unanimous consent, Mr. RABAUT was given permission to transfer the time allotted to him to Mr. MARSHALL.)

Mr. MARSHALL. Mr. Chairman, I am not an engineer, but on this matter we had the experts of Army engineers before us. On page 116 of the hearings, Eastern section, part I, you will find these words:

> Mr. TABER. You mean 100 percent of the traffic which would come as the result of deepening the channel to 40 feet would go to the Fairless plant?

Mr. Brennan, of the Army engineers, said:

> One-hundred percent of the traffic that would need from 35 feet to 40 feet would go to Fairless, but the traffic which needed up to 35 feet, about 85 percent of that would still go to Fairless.

As I understand it, the first proposal was to deepen the channel to a depth of 35 feet. The depth of 35 feet did not satisfy the United States Steel Corporation. They asked for it to be deepened to 40 feet. The cost of deepening the channel the extra 5 feet runs to a sum of about $36 million.

Many have argued that because of the great benefits to this one corporation, that if this project is to be accomplished, that corporation ought to be giving some contribution to the cost of dredging the channel. This has been in controversy. The committee did not want to enter into that controversy until some recommendation is made to it by the executive branch.

This whole project is estimated to cost in the neighborhood of $104 million, and that is not a firm figure. In addition, there is considerable question as to whether or not deepening that channel may result in considerable damage along the channel, for which the Federal Government may be responsible.

This is an unbudgeted item. It is an item which is in controversy. It is an item which will cost as much as what some people have referred to as the fabulous amount to be spent on the St. Lawrence Seaway. There are many, many reasons why this item ought not to be accepted at this time. I urge that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FLOOD].

Mr. RABAUT. Mr. Chairman, I demand tellers.

Tellers were ordered; and the Chair appointed as tellers Mr. RABAUT and Mr. FLOOD.

The Committee divided; and the tellers reported that there were—ayes 77, noes 107.

So the amendment was rejected.

Mr. JONES of Alabama. Mr. Chairman, I ask unanimous consent to extend my remarks at that point in the RECORD immediately preceding the last two speakers prior to the vote taken on the Phillips amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. TALLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. TALLE: On page 20, line 8, strike out the amount "$322,262,800" and in lieu thereof insert the amount "$322,330,800."

Mr. MARSHALL. Mr. Chairman, I reserve a point of order against the amendment.

Mr. TALLE. Mr. Chairman, I ask unanimous consent that the figures be modified in the light of amendments that have been adopted. The item I propose to add involves $68,000.

Mr. RABAUT. This is a late hour. Does not the gentleman think we should make a point of order against it?

Mr. TALLE. I do not know wherein a point of order would lie.

Mr. RABAUT. The figure has been amended.

Mr. Chairman, I make a point of order against the amendment on that ground. Does the gentleman want to be heard on it? Does the gentleman want me to withhold the point of order?

Mr. TALLE. Mr. Chairman, I ask unanimous consent that the total be altered in the light of amendments that have been adopted. It has been impossible for me to follow all of the changes in figures.

Mr. RABAUT. Mr. Chairman, I make the point of order that the figure has been amended and therefore cannot be amended again.

The CHAIRMAN. Does the gentleman from Iowa want to be heard on the point of order?

Mr. TALLE. Mr. Chairman, let me proceed on the basis of my amendment as it stands. My amendment is to add $68,000 for advance planning.

The CHAIRMAN. The gentleman from Michigan will have to reserve his point of order if the gentleman from Iowa is to be allowed to proceed.

Mr. RABAUT. Mr. Chairman, I reserve the point of order.

The CHAIRMAN. The gentleman from Iowa is recognized.

Mr. TALLE. Mr. Chairman, I realize that my request is a small one, but it is a life-and-death matter to a number of my farmers. Let me tell you the simple story.

Mr. Chairman, last month five farmers from a little town, New Albin, Iowa, together with the cashier of a little bank there and the mayor of that little town paid a visit to Washington and appeared before the subcommittee on appropriations for public works. Their testimony is found on page 352 and following in part 3 of the hearings.

This request is a very modest one, as I have said, but it is an earnest attempt to protect their life savings.

For 10 years they have been losing and losing their crops because the channel of the upper Iowa River, over which they have no control but the Government does, has been silted up and floodwaters inundate their fields. The upper Iowa River, a stream 125 miles long, starts in southern Minnesota, crosses into Iowa, flows eastward in Iowa along the Iowa-Minnesota border, and empties into the Mississippi below New Albin, Iowa. From the point where it empties into the Mississippi inland for a distance of 7 miles the river channel is silted up. When water strikes the point where it is blocked by siltation it can only fan out all over the countryside. The result is that the water does fan out over 6,000 acres of good land. All of us know that Iowa has a lot of good land; it has very little land that is not good. But this situation is destroying the good land in that valley, and each successive year this siltation backs up and up until finally the entire valley will be destroyed.

The Army engineers have looked into it very carefully and have recommended

that the channel be reopened. The total construction cost to the Federal Government will be about $900,000. I am not asking for that amount of money at this time; I am merely making the modest request—that $68,000 be appropriated now for advance planning.

Why the $68,000? Because yesterday I talked with the Army engineers and I asked them what their lowest estimate on the cost of advance planning would be. They calculated it and said $68,000. That is all I am asking for, just $68,000, so that these farmers, who have the support of the people in Allamakee County and who chipped in the expense money so that these farmers could come to Washington to testify last month, will get the benefit of the proposed advance planning. They have been losing their crops for 10 years because of these floods. I am living in fear that at the close of this month or early in July there will be another flood because these disasters are periodic, either early in April or in June or July. So I am appealing to my colleagues, Mr. Chairman, to allow $68,000 for advance planning on this project which the engineers have looked into very carefully. They have found that the project can be justified and they have recommended it for construction.

The CHAIRMAN. Does the gentleman from Michigan [Mr. RABAUT] desire to press his point of order?

Mr. RABAUT. I press the point of order, Mr. Chairman.

The CHAIRMAN. Does the gentleman from Iowa [Mr. TALLE] desire to be heard on the point of order?

Mr. TALLE. No, Mr. Chairman.

The CHAIRMAN. The point of order is sustained.

Mr. TALLE. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. TALLE: On page 20, line 8, insert at the end of the line: "of which $68,000 shall be available for the upper Iowa River project."

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. TALLE. I yield to the gentleman from Michigan.

Mr. RABAUT. How much is involved in this?

Mr. TALLE. I am asking for only $68,000 for advance planning on the project, that is all.

Mr. RABAUT. Has it been budgeted?

Mr. TALLE. The budget did not include this in its recommendation to the committee.

Mr. RABAUT. Where did the gentleman get the figure of $68,000?

Mr. TALLE. From the office of the Chief of Engineers. I called them up yesterday. I am sure that is correct.

Mr. RABAUT. I do not have any objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. TALLE].

The amendment was agreed to.

Mr. AVERY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. AVERY: On page 21, line 10, after the word "Wisconsin", strike out the period, insert a comma and add the following: "*Provided*, That none of the funds provided in this paragraph shall be used on the Tuttle Creek project in the State of Kansas."

Mr. AVERY. Mr. Chairman, I spoke to the committee yesterday briefly on my objections to the construction of Tuttle Creek Dam in my district in Kansas. It has been proposed by those representing other districts, most of them not in my State. It was stated later on the floor of the House yesterday that the floods in the pictures shown occurred with some frequency. They occur with a frequency of about 100 years apart.

Now, the situation in Kansas is analogous just a little bit to the situation in Indiana. It was suggested on both sides of the aisle that the problems of Indiana should be resolved within that State and to come to Congress with a united program. I certainly will endorse that philosophy and that idea, and I am proposing to you today that you delete this suggested appropriation from the bill, and on this basis: In the 1955 session of the Kansas Legislature, a water resources planning board was established by law. This board was charged with the responsibility of surveying and studying the water resources of my State of Kansas and presenting to the legislature a water resources program that would be in the best interests of the people of Kansas. Certainly a project of this proportion would come within the purview of that board.

I want to make one point further. This reservoir project for my district has never had the official sanction of the State of Kansas. Every examination, every survey that the State has made of any semblance of an official survey has received an adverse report. That is why I plead with you today, in view of this new water resources board, that this appropriation be deleted, at least for this session of the Congress. I want to go on record further and say that if this board recommends that this project be built in the best interests of the water development of the State of Kansas, I will abide by their recommendations. I hope that we can have the full cooperation of all of the Federal agencies and the Congress working with this newly established water resources board to develop a water policy that will be in keeping with the best interests of my district, of my State, and of the Missouri Basin States.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. AVERY. I yield to the gentleman from Kansas.

Mr. REES of Kansas. Is this project recommended by the budget?

Mr. AVERY. I brought that out very definitely yesterday. This was not recommended by the Bureau of the Budget, nor was it recommended by the subcommittee assigned to study Kansas river projects.

Mr. WILSON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. AVERY. I yield to the gentleman from Indiana.

Mr. WILSON of Indiana. My understanding is that the Bureau of the Budget, in keeping with the Flood Control Act of 1936, will not recommend any project without the approval of the State. They do not recommend a project unless it has the approval of the State.

Mr. AVERY. Very strangely enough, this particular project was authorized in 1938, prior to the 1944 act. Kansas had no way of knowing that the project was under consideration until it was authorized by this Congress. The other two reservoirs involved here were referred to the State of Kansas. They did not receive the endorsement of the governor of Kansas, and yet they were authorized, anyway.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. RABAUT. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. SCRIVNER].

Mr. SCRIVNER. Mr. Chairman, the amendment offered by the gentleman from Kansas [Mr. AVERY] should be defeated.

The Congress of the United States has spoken on Tuttle Creek many times.

This reservoir on the Blue River in Kansas is a key project in providing protection from devastating floods, and furnishing an adequate supply of water in times of drought.

Tuttle Creek Reservoir was authorized by Congress as a part of a comprehensive Kansas River Basin program in 1938—a part of the Pick-Sloan plan.

In fiscal year 1953, $5 million was provided to begin construction. Not rising to the criteria of a substantial start, funds were not thereafter recommended by the Bureau of the Budget because no funds were provided for new starts. I felt it was not a new start. It was in an area affected by drought and in addition was a defense area.

In 1954, the House of Representatives—and the Senate concurred—again voiced its approval of Tuttle Creek Reservoir, and voted down an effort, in the public works omnibus bill, H. R. 9859, to delete the previously granted authorization of Tuttle Creek. That measure also provided for other installations—including a program for local protective works along the Kansas River.

Those local protective works at Kansas City, Mo.; Kansas City, Kans.; Bonner Springs, Lawrence, Topeka, St. Marys, Manhattan, and so forth, are all planned as part of one program, and designed upon the hypothesis that Tuttle Creek Reservoir is to be built. Without Tuttle Creek, investment in these local projects will be futile and wasteful.

Why is this so? See page 483, central section, part I. The Blue River area above Tuttle Creek makes up one-sixth of the entire Kansas River Basin drainage area of 60,000 square miles. It is in a weather area of extremes—page 603, hearings, 1955, part 2. The Blue River may not flood at all one year—and then again it may flood 9 times in a single year. It goes from drouth to gulley-

washers, trash movers and frog stranglers of unbelievable magnitude just as it did prior to Black Friday, July 13, 1951, when the Kansas River, on a rampage, hit my hometown of Kansas City, Kans., with the most disastrous flood in all recorded history—with one-sixth of the flow coming from the Blue River—and incidentally, this was but 1 of 5 floods that hit the Kansas Valley that year.

That flood—and here are pictorial reminders—just a few of thousands I could show—cost many times the proposed cost of this one dam—which is around $60 million.

Let us see what it did—and what the Kansas River must never again do—page 292, omnibus hearings, volume 3. In that one flood of 1951—and we have lesser floods recurring annually—over $60 million worth of crops were ruined; $200 million of damage to farms and farm property in Kansas and Missouri; 10,000 farms; 900,000 acres of farmland were flooded in Kansas; 500,000 acres in Missouri; 116 towns were flooded in Kansas; 47 in Missouri. In all 22,000 homes and 5,000 business places, 90,000 people forced out of homes. Railroads, factories of all kinds were inundated. In my hometown alone, 17,000 were made homeless as the on-rushing waters inundated 6,000 homes. Nearly 1,000 businesses were disastrously affected. The following are excerpts from only a few of the many telegrams I have received. Let those folks tell their story:

I am a widow and a music teacher and I lost all of my music library and instruments in the flood of 1951.

Flood took home and all our life savings. Hope you help us get Tuttle Creek Dam.

We lost everything we had in the 1951 flood except our self-respect and our love for our home and neighbors.

I am a widow aged 73 and in 1951 I lost my life's savings.

We lost everything in the 1951 flood. We lost home, furniture and clothing.

Our house and all we had went down the river in 1951.

I lost my home, household goods and health. Also a daughter and husband lost their homes.

Nothing left but rags and debts after 1951 flood. Please vote for Tuttle Creek Dam and prevent this from happening again.

That is the story from these telegrams, including telegrams from Mr. AVERY's own home district. They all tell the same story all the way through.

The total cost of all this devastation and destruction is safely and conservatively estimated at more than $1 billion. The United States itself—page 372, omnibus hearings—lost over $400 million in income tax—current loss—and carry-back and forward.

Fairfax industrial district, site of the North American bomber plant where F-84-F's have been coming off the line—suffered nearly $100 million in losses to the many vital industries there.

Mr. Chairman, if there is any doubt in any Member's mind as to the need of Tuttle Creek—I do not ask him to take my word—let him consult with members of the Public Works Committee. They have studied this for years. They have seen this area first hand. Men such as the Honorable CLIFF DAVIS of Tennessee; TRIMBLE, of Arkansas; JONES of Alabama; and ever so many others including MACK of Washington, SCUDDER of California, and BECKER, of New York.

In addition to those men, I might suggest that you likewise query members of the Public Works Appropriations Subcommittee who also know this first hand. I daresay none of them question the need—or the value—of Tuttle Creek. Men like RILEY, of South Carolina, CEDERBERG, of Michigan—former member of the committee—HAND, of New Jersey, and DAVIS of Wisconsin. While I cannot speak for them, I am sure they would tell you that this is one of the most thoroughly justified of any which the committee considered.

Of course, as the gentleman from Kansas has mentioned, there has been opposition to this dam—there still is—opposition by a vociferous, well-financed, but small, group. But that is the history of every dam—opposition by those in the lands affected, pleas for protection from those below who need it. And, quite frankly, and honestly, the opposition to Tuttle Creek is far less in recent months.

Now let us take a quick look at that affected area.

Although residents below the dam suffered hundreds of millions of dollars of losses—with not one single cent of aid from Uncle Sam—those in the pool area whose lands are taken are paid handsomely, they have done well; for examples, see page 602 in civil functions appropriation hearings for fiscal 1955, last year's hearings.

Boyd Cravens sold 147 acres for $17,200—a farm which had cost only $3,000 10 years before. He now has an irrigated farm in Idaho. Craven's farm in the Blue Valley was flooded 9 times in 1951.

One other fact is quite apparent. Since operations stopped in 1953, the price of land in the Blue Valley area has dropped a lot.

While many towns were flooded in the Kansas River Basin—they have been rebuilt at the expense of the residents with no help from Uncle Sam. The few small communities affected here will be rebuilt—as new modern towns—at Government expense—new stores, new utilities, new homes. That is a blessing—not the curse some would have you believe. Here again—one town affected, as against 20 or 30 downstream.

Uncle Sam will pay for every one of the 70,000 acres (p. 601, Public Works appropriations for fiscal year 1955) 53,000 taken at full pool. About 1 acre for each 20 protected downstream—land as good—or better than that taken. Uncle Sam will buy every building. But whether the flood comes seldom or often—those below get it in the neck—and we must bear all of the loss ourselves. For every farm taken—and paid for in full—30 or 40 are flooded.

Mr. Chairman, I do not blame Mr. AVERY for offering his amendment. He is keeping a promise he made. I, in turn, promised I would do all in my power to obtain adequate water conservation—protection against devastating floods—and an adequate supply in times of drought.

But all of his folks do not feel as he does by a long shot. That is proven by statements made in the hearings, and countless letters and wires I have received. For every 1 person opposed, I can show 50 to 100 supporting this program.

As a matter of fact, the big concern in the Blue Valley has been the uncertainty. As it now stands, no one can plan ahead for more than a crop season. They would like to know what to do. That question can be answered by defeating this amendment. Let us get on with the work—give us the protection we need—without which we are at the mercy of both flood and drought.

We have rebuilt our homes—we have rehabilitated our factories—we have reworked the muck, mire, sand and silt on our farms—we have planted our crops—rebuilt our properties—all out of our own pockets. Give us a chance to continue to produce—and live—live without fear—with courage we have often demonstrated—and with confidence of security from drought, devastation and destruction. Let us sleep soundly—secure in the knowledge that we will not be awakened again in the middle of the night by wailing sirens—knocks on the door—telling us to get up, run for our lives—taking only those few simple things we can carry with us in our arms—secure in the knowledge that never again will we see our entire life investment sink into the stinking, slimy sludge of rampaging flood—and that our industries and towns will never again suffer from lack of essential vital water.

Mr. Chairman, the drama, the excitement is most intense when these floods are at their height. But the tragedy—pathos all comes home when the flood waters recede.

I trust that I may be pardoned if I make a personal reference. After the flood of 1951 had receded—Mrs. Scrivner visited the Armourdale and Argentine districts of Kansas City, Kans. Although Mrs. Scrivner is not gifted as a writer, let me quote a few words from a letter she wrote to me:

If Members of Congress could just see that desolate, gray, mud-covered stinking mass of rubble—block after block—all with signs "Condemned" on it—Congress would understand the need for help.

Seeing Armourdale and Argentine covered with water was nothing to what it looks like now. It is a ghost town—no lights—no sewers—no people. It is nothing but a stinking mess of mud-covered ruins that were once homes.

Mr. Chairman, I have tried, in a feeble way, to give you the story of Kansas. My colleague, Mr. BOLLING, has, throughout the years, joined me in working for this key project and he can tell, from first-hand observation he has made—what this flood—these recurring floods—do to Kansas City, Mo.

Further than that, while I am not clairvoyant, since these floods also adversely affect the district so ably represented by the gentleman from Missouri,

[Mr. CANNON], the chairman of the Appropriations Committee, I feel quite sure, that deep down in his heart he is pleased that my amendment was adopted by an overwhelming vote by the Appropriations Committee—and I am quite certain that he, too, feels the amendment by the gentleman from Kansas [Mr. AVERY] should be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. BOLLING].

(By unanimous consent, Mr. CHRISTOPHER was given permission to yield the time allotted to him to Mr. BOLLING.)

Mr. BOLLING. Mr. Chairman, I rise in opposition to the amendment. There are two points I would like to make to the House in this matter.

One point is that in 1951 much of Kansas and much of Missouri, including many towns and cities, one of which was Kansas City, Mo., which I have the honor to represent, were devastated by the greatest flood in the history of the United States. The property loss to the people of that area was in the hundreds of millions of dollars.

Since that time, the only concrete action which has been taken to mitigate the danger under the threat of which live hundreds and hundreds of thousands of people has been the initiation of Tuttle Creek Dam.

I believe the facts are clear on the record that there are a great many more people concerned for the passage of the legislation as it is, including appropriations to continue the construction of Tuttle Creek Dam than there are opposed. I support this appropriation in the interest of my district and in the interest of the greatest good for the greatest number.

I urge that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. AVERY].

The question was taken; and on a division (demanded by Mr. AVERY) there were—ayes 87, noes 114.

So the amendment was rejected.

Mr. ROBESON of Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROBESON of Virginia: On page 21, line 1, strike out "$2,000,000" and insert in lieu thereof "$4,000,000."

Mr. RABAUT. Mr. Chairman, in the interest of saving time, we will accept the amendment.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. TOLLEFSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TOLLEFSON: On page 20, line 8, after the colon, insert the following: *"Provided,* That out of the funds heretofore appropriated but not expended or obligated by the Corps of Engineers the sum of not to exceed $563,000 is hereby authorized to be expended for dredging the Port of Tacoma Waterway."

Mr. RABAUT. Mr. Chairman, I make the point of order against the amendment that it relates to funds previously appropriated.

Mr. TOLLEFSON. I had assumed from my conversation with the gentleman that he would not raise the point of order.

Mr. RABAUT. Does the gentleman want to speak on his amendment?

Mr. TOLLEFSON. I would like to, yes.

Mr. RABAUT. I reserve the point of order, Mr. Chairman.

Mr. TOLLEFSON. Mr. Chairman, I proceed on the assumption that the House wants to be fair in its consideration of the items in this bill and with the Members of the House. Some time earlier this afternoon the House adopted an amendment offered by the gentleman from Kentucky [Mr. NATCHER] which added some $46 or $48 million to the bill. That sum included a number of Corps of Engineers projects. Unfortunately I have a project that was not included in the items dealt with by his amendment. I sought recognition to amend or offer a substitute to his amendment but under the rules of the House it could not be considered, simply because the rules permit only so many amendments to be pending at the same time.

I think the House should be fair in this matter. I have a project in my district that has been approved by the Bureau of the Budget. The report has been sent to the committee. The amendment that was adopted by the Committee of the Whole a moment ago included some items that had not had the approval of the Bureau of the Budget.

My particular project is one which the Department of Defense wants. It has been certified as a defense project because it would deepen the channel which would permit oceangoing vessels to reach certain plants in which the military are interested. This is a national defense project. It has the approval of the Bureau of the Budget. I think, in all fairness, this item ought to be included in the bill as well as all the items which are included by the amendment offered by the gentleman from Kentucky [Mr. NATCHER]. The total cost of the project is some $563,000. I have asked that that sum be taken from the items which have already been appropriated, but which are unexpended and unobligated by the Corps of Engineers. I do so because the gentleman from Michigan [Mr. RABAUT], at the time we were considering Mr. NATCHER's amendment, offered a substitute amendment in which he indicated that the Army engineers had about $30 million unobligated and unexpended, and he sought to have those funds applied to the projects in Mr. NATCHER's amendment. All I am asking is that $563,000 out of that $30 million figure which the gentleman from Michigan mentioned be applied to my project. I think the House wants to be fair in this matter, and if it were possible under the House rules for me to have offered an amendment, I am sure the House would have included it in Mr. NATCHER's amendment. I would appreciate an affirmative vote on my amendment.

Mr. RABAUT. Mr. Chairman, I insist on my point of order.

The CHAIRMAN (Mr. COOPER). The gentleman from Washington offers an amendment which has been reported, and the gentleman from Michigan makes a point of order against the amendment. The Chair has examined the amendment and invites attention to the fact that the amendment refers to funds heretofore appropriated, therefore, it would affect funds heretofore appropriated and, in effect, would amount to legislation on an appropriation bill which is not permitted under the rules of the House. Therefore, the Chair sustains the point of order.

Mr. RHODES of Arizona. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RHODES of Arizona: On page 20, line 8, after the amount named, insert "and in addition the further sum of $100,000 for engineering and design on the Whitlow Branch Dam, Ariz., as authorized by law."

Mr. RHODES of Arizona. Mr. Chairman, it is rather unusual for me to get up here and ask for help in keeping water off of the land. Coming from Arizona, it is more usual for me to get up and ask for a little help to put water on the land. However, this represents a project on a little creek which 364 days out of the year is just as dry as a bone, but on the 365th day it becomes a raging torrent. In August of last year there was a flood on this little creek in which the flow per second was as high as the average flow on the Colorado River. The Colorado River could not have done any more damage if it had been turned onto this little valley for about 8 hours. This is a project which has been authorized since 1946. I have tried ever since I have been in Congress to get some interest in the project because I know by experience it endangers Williams Air Force Base. That Air Force base is the jet-pilot school, one of the most important functionary parts of our Air Force. I know this endangers Williams Field because I was stationed there during the war. I waded to work at least three times during the period I was there. Luckily for some and unluckily for others, we had a flood in August of last year which proved to the people who doubted that this little creek did endanger that field. If this particular flood had been a little bit higher, they would have been taking those jets off with pontoons instead of with wheels. When the hearing was had before the Committee on Appropriations last time, I had people here to testify, including the commanding officer of this base.

I think this is a very important amendment because of the danger to this airfield base, if we have another flood along this creek the damage which was inflicted by the last flood includes the filling up of the old channel. The drawings indicate that the new channel goes so close to Williams Air Force Base that it will probably flood it.

This item I feel confident would have been in the budget except that since the flood was in August and they have been evaluating it in the meantime there was no chance to get it into the budget. I have here a letter from the Corps of Engineers addressed to the Director of

the Budget. From it I read the following:

I consider this matter of sufficient urgency to merit an appropriation of funds for the fiscal year 1956, and I suggest that a change in the budget be recommended to the President.

I do not think I am telling you anything you do not know or telling tales out of school when I tell you that should the chairman of the committee ask them for it they would probably give it to him. Naturally the chairman of the committee could not do this because I just got the letter 2 days ago.

I am asking that this project, which is tentatively set up to begin in fiscal year 1957, begin instead in fiscal 1956 and that you appropriate $100,000 to this end for the engineers.

Mr. Chairman, in closing, I would like to read a message which I received today while I was waiting to be recognized to offer this amendment:

This little creek flooded this very afternoon and inundated 6,000 acres of cotton.

Those of you who are in the Cotton Belt know that that represents a loss of some $600,000. Now, add that on to what was lost in the flood in 1954 of $2 million and you can see that the cost of this dam will soon be repaid. The costs, by the way, will be something over $4 million when finally built.

I hope this amendment will be adopted.

Mr. RABAUT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is a new project, an unbudgeted project. It is not before us today. It has been here since 1946, I think. There must be something the matter with it if it has not had any recognition since that time.

I am not questioning the gentleman's word about the seriousness of the situation, but the point is that this is an unbudgeted item. If we are going to grant items of this nature that are not budgeted we might just as well throw up our hands, and appropriate an additional amount, and save ourselves a lot of time.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield.

Mr. RHODES of Arizona. The reason, I may say, there has been very little interest is because nobody took it seriously until the Williams Air Force Base was flooded last year. You would be surprised how much interest there is in this project at this time.

Mr. RABAUT. I have no doubt the gentleman is correct, but the project is not in the bill, and there is the budget estimate up here for it.

Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arizona.

The question was taken; and on a division (demanded by Mr. RABAUT) there were—ayes 64, noes 104.

So the amendment was rejected.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN of Michigan: Page 21, line 10, after the word "Wisconsin" add: "*Provided*, That there is hereby also appropriated the sum of $10,000 to be used under the direction of the Corps of Engineers to dredge the St. Joseph River in the county of Berrien, Mich., from Berrien Springs to the mouth of the river at Lake Michigan."

Mr. RABAUT. Mr. Chairman, I reserve a point of order against the amendment.

Mr. HOFFMAN of Michigan. Mr. Chairman, I am constrained to offer this amendment because of a resolution adopted by the mayor and the Common Council of the City of Berrien Springs, a thriving city in the county of Berrien, Mich., through which meanders the beautiful St. Joseph River on its way to Lake Michigan at St. Joseph and Benton Harbor.

Where the river empties into the lake there exists a harbor which some day, our people hope, will, in tonnage and imports, rival those at Chicago and Milwaukee.

There are other reasons justifying the offering of this amendment. On my right sit Democrats who earlier today and who in the past have seemed determined to extract from the Federal Treasury millions—yes; over the years, billions—of dollars to help their home people either to dredge and deepen rivers and harbors or reclaim land.

The effort today was to pour additional millions into TVA in the Tennessee Valley. The purpose? Give to the local people and attract industries by cheap power at the expense of the public.

Not a little success has followed their efforts.

Now listen, my dear colleagues. To date you have extracted from the Federal Treasury to give special advantages to the people of the Tennessee Valley Authority more than $1,905,000,000.

What am I asking for?

For the people of Berrien Springs and the vicinity, my original amendment called for but $1,000. Then, at the suggestion of one of the reporters, it was raised to $10,000 for this dredging job. And mark you now, that sum is not asked primarily for the benefit of the people of Berrien Springs, but for the benefit of all, and undoubtedly if the channel was dredged, the St. Joseph River not only would be used for a tourist route, for commercial purposes, but it might be used as a part of our national defense.

The committee seems to be in a generous mood today, so if the taxpayers dollars are to be broadcast, there would seem to be no reason why some should not fall upon the exceedingly fertile soil of Berrien County and in the vicinity of Berrien Springs.

Billions upon billions of dollars, and I refer not to the billions sent abroad, have been broadcast here in America. Many have fallen on rocky, stony ground, and in the mountains of the Northwest.

Some of those millions, where they brought water to thirsty deserts, have fallen upon good ground—acres which have produced abundantly, which year after year have added to our crop surpluses, which are now, for storage, costing us a million dollars a day—a million dollars each day added to the national debt.

Other millions have fallen in the area of some of our streams. They sprouted into towns and cities with industrial plants—where none grew before. All to the advantage of certain, comparatively small groups, some owning townsites, others adjacent land. Apparently, most of these created industries, villages, and cities exist and continue to grow because they have, if I may use the expression, been and now are fertilized by tax dollars—partially contributed by the people of Berrien County.

Then, there is another reason for the offering of this amendment at this time. The chairman of the subcommittee, Mr. RABAUT, just established a new precedent for the making of an appropriation. He accepted an amendment of the gentleman from Iowa [Mr. TALLE] against which a point of order apparently might have been successfully offered. As I get it, he gave two reasons. One, the amount—$68,000—was, he said, small. The other was because accepting the amendment would avoid further discussions and make certain that the House could adjourn tonight, over Friday, thus giving the members of the Tuesday through Thursday club a 3-day respite.

Therefore, it occurred to me that this amendment, calling for but $10,000—one for $68,000 having been accepted—might also be accepted by the subcommittee chairman. His kindness, his generosity, his power as subcommittee chairman, having been exercised in favor of an appropriation of $68,000 for a district in Iowa, I just thought might be extended to cover a little $10,000 appropriation for a worthwhile project in his home State of Michigan. It is my hope that I was not mistaken.

Candor forces me to admit that the Corps of Engineers sent a representative to take a look at Berrien Springs and the St. Joseph River and he reported that, in his opinion, the expenditure of the funds necessary to dredge the river from Berrien Springs to the harbor at St. Joseph and Benton Harbor was not justified by the prospects of future profits. But since when has the Congress attempted to justify an appropriation by requiring that future taxes paid to the Government, or the profits to the Government, or the community where the Federal investment was made, would liquidate the original investment—the cost of the project? Is it possible the job is too small to merit the attention of the corps?

Certainly neither the original appropriation nor subsequent appropriations to TVA have been repaid to the Federal Government, nor has that investment been profitable to the taxpayers as a whole.

Oh, no, no, the soundness of the investment by the Government has never been the criterion, the yardstick, used and adhered to when the question of an appropriation of this nature or a reclamation project was before the House.

Apparently, appropriations of this nature go through committee, and my reference now is to the Committee of the Whole House on the State of the Union, and through the House in altogether too many instances because an appropriation of a somewhat similar nature has

either been adopted or will be adopted by the House to benefit some other area.

Apparently, the question is not, "Will the appropriation benefit the country as a whole, promote the welfare of all of our people?" The question seems to be, "If this particular appropriation goes through to give special benefits to a certain area, then will another appropriation for a somewhat similar purpose and which will likewise benefit another comparatively small group in another section of the country be adopted by the Congress?"

Some critical people refer to that method of dealing—of deciding whether an appropriation should or should not be made—as "logrolling." Please do not misunderstand me. I am not charging that there has been any logrolling in connection with today's consideration of this bill. Oh no. There just seems to be a spirit of good fellowship, a generous disposition on the part of some Members and of some groups. Has there been a little reciprocal backscratching in dealing with the provisions of this bill and the amendments? Added to that, the chairman of the subcommittee, the gentleman from Michigan [Mr. RABAUT] seems to feel that one of the very important things before the House at this time is to end discussion of this bill and adopt it today.

I am not asking you to vote for this very, very small appropriation to make this worthwhile improvement on this river because of any promise on my part that when some appropriation comes up which will benefit a river, a harbor, a desert, a canyon in your district, I will vote for that. I am just offering this amendment on the merit of the improvement which will be made, though realizing, as I certainly do, that merit all too often has not too much to do with the making of appropriations.

Mr. Chairman and my dear colleagues, this amendment has merit.

The appropriation sought is so small—but $10,000—and do not forget you just accepted one for $68,000 because it was small and in order to avoid debate and an adjournment over until tomorrow. It will not require the expenditure of any large sum for a survey, the preparation of specifications. The river is there, it is winding its way through Berrien Springs and on down to the lake, the sandbars are there. The banks of the river are high enough to contain the water, it flows down the channel, no levees will be required, nor is there any danger that floods will break through the banks and overflow the adjacent lowlands if a channel is dredged. No additional water will come to the river. The scenery is so beautiful, so enchanting is the river itself—fish, bass and pike, are so plentiful and so eager to cooperate, that working to improve it will be a joy and a pleasure.

While there are no paddlewheel steamboats now carrying commerce up and down the river, I am almost certain that some will be built, and certainly the obstruction to present navigation of the river is just as great as it was at Muscle Shoals when the first Federal millions of dollars were sent down there.

Our people are progressive, they are industrious, they are thrifty, they are farseeing, and if the Federal Government will give us a river on which to operate, I am sure our farsighted citizens will provide the industrial plants and the boats to use to full capacity the water highway which will be provided by the dredging of the St. Joseph.

This amendment is not like the amendment of the gentleman from Pennsylvania [Mr. FLOOD], who wanted an additional $18,500,000 for the Delaware River from Philadelphia to Trenton and which, as another gentleman from Pennsylvania [Mr. WALTERS] said, would cost $108 million and would subsidize United States Steel Corp. at the expense of all of the taxpayers of the United States by providing it with a free canal.

We do not have a United States Steel Co. at Berrien Springs, as they have at Philadelphia or farther up that river, and again do not misunderstand me, I make no claim that the St. Joseph River, as it runs through either Indiana or Berrien County, compares as a commerce-bearing channel with the Delaware River. However, it has possibilities. Surely it has a future. Why orphan it in its infancy?

We do not have plants like those of General Motors, of Chrysler, of Ford, as they have at Detroit, and we are not at this time asking for harbor improvements at St. Joseph and Benton Harbor, which might be of some help in establishing and maintaining industry at Berrien Springs. They do have industrial plants at Benton Harbor and St. Joseph—among them the largest washing-machine plant in the world. They are turning out billions of dollars' worth of excellent equipment. The employees at the plants, the most of them, are not only rendering full service for every dollar they receive, but they own their own homes, they pay their full share of the taxes which go to create and continue special benefits, not only to those who are served by TVA, but to employees of many another tax dollar created industry.

Berrien County has many an acre of fertile soil. As just indicated, the people there are the kind of people who made this country great, rich, and powerful. They are independent by nature, and if I judge their feelings aright, they are willing to earn every dollar they get, but, if their tax dollars are to be broadcast by a Federal bureaucracy or by a spending Congress, I just assume, though they have never told me so, that there is no reason why they should not share in this broadcasting. Some are tired of always being on the giving end—they would like, once at least, to be on the receiving end.

If Federal dollars are to be broadcast, then let them be sown not so often on rocky, stony ground. Let some of them be sewn, and, like the seed referred to by St. Matthew, "fall into good ground where they will bring forth a hundredfold." Berrien Springs and the St. Joseph River are there—waiting and willing.

The area where this improvement will be made, if this amendment is accepted, compares very, very favorably with the Tennessee Valley area when the first appropriation was made for Muscle Shoals and for TVA.

Berrien County is a great berry- and fruit-producing country. Washington has its Japanese cherry trees with their beautiful blossoms, but no fruit. Berrien County and southwestern Michigan—yes, the whole lakeshore area clear up to and including the district of our colleague from the 9th District, Miss THOMPSON, who is doing such a worthwhile service here—might well be characterized as the garden of Eden of the United States of America.

The blossoms of our cherry, our plum, our peach, our pear, and our apple trees, far surpass in beauty the nonproductive, scentless blossoms of Washington's cherry trees. I hope no international complications will grow out of this statement.

May I plead with you, you who live in the South, you who live in Washington, who may look and see, but never smell the fragrant breeze, go north sometime, travel through the Fourth District of Michigan and on up the west side of Michigan along the eastern shore of Lake Michigan and for once in your hard-working lives see blossoms that are beautiful, fragrant, and the advance agents of tasty, nourishing berries and fruits.

Please do not characterize me as a Pharisee. I am only endeavoring to have you see Michigan in the springtime as we who are fortunate enough to live there have seen it and to, with us, enjoy some of nature's bountiful blessings free to all who will come and look. It is a beautiful, bountiful, productive, nourishing country. Do you like cherry pie? Blueberry muffins? A tasty peach? A delicious plum? A pear that does not need to be pared, but in the hand calls for a pair? An apple that needs no peeling, but in the hand makes you want a glass of cider; apple sauce, apple pie? Come to Michigan, and all are yours for the taking.

Give the people of Berrien Springs this channel to the lake, and it just may be that they will make the land and the orchards blossom and produce so that not only the people of Indiana and Ohio, but certainly those of Chicago will get and enjoy more and better berries, fruits, and vegetables than they now are privileged to have.

If the dredging of this river is not now imperative because there is no great need for its use as a waterway, can we not be farsighted and look forward to the completion of the St. Lawrence Waterway, when vessels from across the sea, from the Old World will dock at our lake ports? Yes, perhaps some from the Far East will sail east and south around the horn, then up the Atlantic to the St. Lawrence, then through Lake Ontario, Lake Erie, up through the St. Claire River and Lake, up Lake Huron, through the straits and down the length of Michigan, may then load at the St. Joseph-Benton Harbor port and carry some of the abundant, health-giving produce of our area to those less fortunate.

Now, laugh at this dream if you will, but how many of you know that for several years ships from the Old World,

from Norway and from Sweden, have been unloading at South Haven, just a few miles north on Lake Michigan from the Benton Harbor-St. Joseph Harbor?

The Congress has given millions, yes, billions, of dollars for the development of places in the West where, before the Federal dollars were expended, there was neither people, townsite, industry, no productive land—nothing except a roaring river down through a mountain gorge. Many a thirsty desert has been made to blossom and produce because of the dollars given by taxpayers of the Midwest.

Federal dollars harnessed many a river, made possible the building of its industries and its cities; Federal dollars wired the current that is carried hundreds of miles away for the benefit of individuals and industrial enterprises, which have grown and expanded and profited because of Federal dollars so generously given by the Congress.

The Congress has given billions to create hydroelectric plants so that citizens throughout the West and Northwest might have television, radio, electrical refrigeration, electrical cooking, lights, water, only the good Lord knows what else.

And today all this amendment calls for is, by comparison, a measley little $10,000 for a beautiful river of clear water—or at least it was clear when I lived along its banks at Constantine in St. Joseph County—which has the possibility of carrying a commerce-creating, profitable resort business.

Nor is that all. With logic and reason equal to that which has put through many an appropriation for millions, if not billions, of dollars I may add that this improvement is needed in furtherance of our national defense.

Now think of that. Who knows what we may need? Will you impair the future safety, the security, and the welfare of our people by refusing the funds to dredge this river? It may be, if and when they bomb—as we read each day they may—the valley through which flows the St. Joe may be a land of refuge where we may not only seek safety, but find sustenance.

Did I hear someone in an undertone ask if I sincerely thought that the failure to adopt this amendment would actually endanger the future of our Republic or lessen the welfare of our people? If I did or if that question is in someone's mind, as perhaps it is, my reply would be that I have seen appropriations for many times the sum carried in this amendment go through the House and the other body with no more reason back of them.

Leaving this matter to your conscience and your good judgment, my hope is that this discussion has called your attention to what we have been doing here today, to the manner in which we have dealt with the taxpayers' dollars.

Mr. RABAUT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I did not get the first part of the remarks of the gentleman from Michigan. Did you say that Walter Reuther has written you on this subject?

Mr. HOFFMAN of Michigan. No; I made no reference whatever to any political boss who selects candidates or influences elections of the Democratic Party.

Mr. RABAUT. Mr. Chairman, I insist on my point of order. Nobody has proved to me that this project is authorized.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on the point of order?

Mr. HOFFMAN of Michigan. On the point of order, it is just a matter of going along with the purposes of this bill and the interests of this bill. It is new funds, and it is a limitation on appropriations, not legislation on an appropriation bill, because it requires that the money must be spent under the direction of the engineers.

The CHAIRMAN. Is the gentleman from Michigan prepared to offer proof that this has been authorized by law?

Mr. HOFFMAN of Michigan. It is the word of a Member of this body. There is no statute authorizing this appropriation, but if the Congress appropriates it, the appropriation would be good and by implication a repeal of the statute.

The CHAIRMAN. The Chair respects the word of the gentleman very highly, but he would have to see the statute. Is the gentleman prepared to quote the statute that authorizes this by law?

Mr. HOFFMAN of Michigan. No.

The CHAIRMAN. The point of order is sustained.

Mr. TOLLEFSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TOLLEFSON: On page 20, line 8, after the colon insert: "and in addition thereto the sum of $563,000 for dredging the Port of Tacoma Waterway as authorized by law."

Mr. TOLLEFSON. Mr. Chairman, I will try again. I had misunderstood the gentleman from Michigan when I offered my other amendment. I understood that he would not raise a point of order, and in that amendment I sought only to do what he previously sought to do earlier in the afternoon.

This amendment, as I indicated a moment ago, would authorize the Corps of Army Engineers to spend $563,000 to dredge a waterway in my community. Now, that project was authorized by the last Congress. That project has been approved by the Bureau of the Budget, and that approval has come to the committee that is handling this bill. So, it qualifies as much as any of the items that were contained in the amendment offered by the gentleman from Kentucky [Mr. NATCHER] earlier this afternoon. As I said a moment ago, had it not been for an oversight, for which I was at fault, perhaps, my item would have been included in the amendment offered by the gentleman from Kentucky. I sought recognition, as I mentioned previously, to offer a substitute to the Natcher amendment, but under the rules of the House a limited number of amendments can be offered and a limited number of substitutes, and therefore I was unable to come within the scope of the Natcher amendment.

Now I offer this amendment, as I indicated earlier, on the basis that the House probably wants to be fair in its treatment of all the Members. In the amendment offered by the gentleman from Kentucky, there were items that did not have the approval of the Bureau of the Budget, and there were items that were not authorized by the Congress. Mine is authorized by the Congress. Mine does not have the approval. In addition to that, the military wants this channel deepened and have termed it a national-defense project. They want the channel deepened so that oceangoing vessels can reach a structure or factory which makes material that the military wants. I sincerely trust that the House will adopt my amendment and accord me the same treatment that it has accorded everybody else.

Mr. ROBERTS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD following those of the gentleman from Louisiana [Mr. BOGGS].

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. EVINS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment offered by the gentleman from Washington is an unbudgeted item. There was no statement about it before the committee. The committee has not been advised about the project. The gentleman appeared before the committee but not with reference to this project, and we know nothing about it. I feel that the amendment should not be adopted at this time.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, while I was absent from the room answering a telephone call there was limited debate on the amendment concerning Tuttle Creek Dam in Kansas. It had been my intention during debate to read a telegram that I had received from our colleague in the 83d Congress, the Honorable Howard Miller. The telegram said:

As you may be aware, there is included in the appropriation bill coming before the House tomorrow a provision calling for appropriation of $7½ million to begin again construction of Tuttle Creek Dam. Construction of this dam is opposed by the great majority of people of this district, who know the situation. We are presently demonstrating that flood can be better controlled by watershed treatment measures in the upland area where the rain falls and the only place where floods can be generated. I cannot come before the Members of the House as I did 2 years ago and explain the situation as I did at that time, but the conditions are the same. Mr. AVERY, a Republican, was elected in my stead because he took the same stand that I took upon this issue. He was elected by a narrow margin in this strongly Republican district, because the voters were called upon by the President to return a Republican Congressman. I am certainly imploring that all my friends, both Democrat and Republican, who went along with me 2 years ago on this issue support my successor, Mr. AVERY, in his effort to defeat the proposed appropriation. Will you kindly make known this request on the floor of the House?

Sincerely,

HOWARD S. MILLER.

I wrote Mr. Miller that, of course, I would read his telegram when the matter was up for debate. I am now explaining to the House the reason I did not read it at that time, although I did show it to many of my colleagues on our side. As I have already said, the debate on the amendment was limited to some 10 minutes, and I had left the chamber to answer a telephone call.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. TOLLEFSON].

The amendment was rejected.

The Clerk read as follows:

OPERATION AND MAINTENANCE, GENERAL

For expenses necessary for the preservation, operation, maintenance, and care of existing river and harbor, flood control, and related works, including such sums as may be necessary for the maintenance of harbor channels provided by a State, municipality, or other public agency, outside of harbor lines, and serving essential needs of general commerce and navigation; surveys and charting of northern and northwestern lakes and connecting waters; clearing and straightening channels; removal of obstructions to navigation; rescue work, and repair, restoration, or maintenance of flood-control projects threatened or destroyed by flood; and not to exceed $1 million for transfer to the Secretary of the Interior for conservation of fish and wildlife as authorized by law; to remain available until expended, $82,500,000.

GENERAL EXPENSES

For expenses necessary for general administration and related functions in the Office of the Chief of Engineers and offices of the Division engineers; activities of the Board of Engineers for Rivers and Harbors, the Beach Erosion Board, and the California Debris Commission; administration of laws pertaining to preservation of navigable waters; commercial statistics; and miscellaneous investigations; $9,200,000.

FLOOD CONTROL, MISSISSIPPI RIVER AND TRIBUTARIES

For expenses necessary for prosecuting work of flood control, and rescue work, repair, restoration or maintenance of flood-control projects threatened or destroyed by flood, as authorized by law (33 U. S. C. 702a, 702g-1), to remain available until expended, $46,675,000.

Mr. PASSMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PASSMAN: On page 22, line 18, strike out "$46,675,000" and insert in lieu thereof the following: "$50,885,000."

Mr. PASSMAN. Mr. Chairman, my amendment, if adopted, would increase the appropriation for the Mississippi River and tributaries to the amount requested in the President's budget and bring the total appropriation for fiscal 1956 to $50,885,000. This amount, if approved, will still be over $6 million less than the average annual appropriation approved for this project during the past 8 years. The average annual appropriation for the past 8 years has been $57,100,000.

May I say that the funds requested in this item are not limited for use in any particular State. Part of the funds will be expended in the States of Illinois, Missouri, Tennessee, Kentucky, Arkansas, Louisiana, and Mississippi, and will affect, to some extent, the economy of almost every State in the Union.

Over a period of years the Congress in its wisdom has authorized an expenditure of $1,314,000,000 for this project. In subsequent years, the Congress has appropriated $854 million toward the authorization, leaving a balance of $460 million to be appropriated for the project under the present authorization.

The Secretary of the Army, the Chief of the Corps of Army Engineers, and the President's Budget Director have established that the very minimum necessary to continue the many projects on the lower Mississippi and its tributaries for fiscal 1956 would be $50,885,000. Certainly this amount is not adequate to prosecute the work in the most economical way, but would provide sufficient funds to continue the work on a slowed-down basis for the next fiscal year.

Based entirely upon the importance of this overall project, the appropriation has been considered solely on its merit by both Republican and Democratic-controlled Congresses.

I believe the following would interest the Members. The Congress appropriated for this project:

1948	$50,000,000
1949	61,000,000
1950	67,000,000
1951	61,400,000
1952	60,500,000
1953	60,020,000
1954	51,433,000
1955	46,450,000

It is too late to ask why the appropriation for this project which affects the economy of almost every State in the Union was reduced last year; but the mistake should not be repeated this year.

Mr. Chairman, I am a member of the Appropriations Committee, and no member of the committee would accuse me of wanting to waste the taxpayers' money. I am always alert to saving the taxpayers' money whenever possible. Now, in fairness to the committee, may I state that I informed the distinguishd chairman of the committee, as well as the distinguished chairman of the subcommittee, handling this item, that it would be necessary that I ask for restoration of funds up to the Budget's request. My request is a reasonable one; it is a logical one; and one in the interest of the economy and welfare of many millions of our fellow Americans living in the path of the unpredictable, meandering, mighty Mississippi River.

Mr. Chairman, over a period of years, the destruction caused by the Mississippi River has wrought damage and loss of property going into the billions of dollars and has claimed hundreds of lives. Slowly but surely this serpent of nature is being brought under control.

On the basis of facts and dire need for a sufficient appropriation to complete this project, I respectfully urge the Members to support my amendment. In fact, I would be overwhelmed if the distinguished chairman of the committee and the distinguished chairman of the subcommittee would decline to oppose this meritorious amendment.

Mr. CANNON. Mr. Chairman, in view of the data submitted by the gentleman from Louisiana, the committee accepts the amendment. We ask for a vote.

Mr. PASSMAN. I thank the distinguished chairman of the Committee on Appropriations.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana.

The amendment was agreed to.

The Clerk read as follows:

NIAGARA REMEDIAL WORKS

For financing a part of the United States share of the cost of remedial works in the Niagara River, to be undertaken in accordance with article II of the treaty between the United States of America and Canada, ratified by the United States Senate on August 9, 1950, to remain available until expended, $2,400,000.

UNITED STATES SECTION, ST. LAWRENCE RIVER JOINT BOARD OF ENGINEERS

For necessary expenses of the United States section of the St. Lawrence River Joint Board of Engineers, established by Executive Order 10500, dated November 4, 1953, including services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a), at rates not to exceed $100 per day for individuals; $150,000: *Provided*, That no part of these funds shall be obligated until agreement has been entered into, by the United States Government and the United States entity authorized to construct the power works in the International Rapids section of the St. Lawrence River, providing for the reimbursement of the expenditures of the United States section of this Board by the construction entity.

ADMINISTRATIVE PROVISIONS

Appropriations in this title shall be available for expenses of attendance at meetings of organizations concerned with the work for which the appropriation is made, for uniforms, or allowances therefor, as authorized by the act of September 1, 1954 (68 Stat. 1114), and for printing, either during a recess or session of Congress, of survey reports authorized by law, and such survey reports as may be printed during a recess of Congress shall be printed, with illustrations, as documents of the next succeeding session of Congress; and during the current fiscal year the revolving fund, Corps of Engineers, shall be available for purchase (not to exceed 250 for replacement only) and hire of passenger motor vehicles.

Mr. DAVIS of Wisconsin. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think the best comment that could be made on what is occurring here on the floor of the House this afternoon was made by the gentleman from Michigan [Mr. HOFFMAN] when he offered his amendment, for satire can often say much more than the serious efforts of any Member of this House. I think some of the things we have heard here represent a rather shameful reflection upon the deliberations of this body. We have had the Committee on Appropriations completely shoved aside in favor of the deliberations—if that word might be used to describe what is going on here today—of a rump caucus which met in one of the office buildings the day before this bill came before us for consideration. We have heard Members who have maligned and used words of bitterness toward members of this committee in past years because they sought to give some credence to the recommendations of the Bureau of the Budget. We have seen them come before us today as the great champions of the Bureau of the Budget substituting their words for

everything that was done by this committee as the result of weeks and months of hearings held by this committee, and it pleases them because the Bureau of the Budget recommended more money than this committee was willing to do. But when the opportunity for the other thing came, when there was opportunity to put money in that the Bureau of the Budget had not recommended, then they discarded the deliberations of that executive department just as quickly and just as easily as they brushed aside the deliberations of the Committee on Appropriations of this House. Yes, we have heard some harsh things said about this bill in past years—some words we do not like to think about when we are talking about ourselves as Members of whom they are talking. Well, I submit that all these things that have been said of logrolling and pork barreling and other things are pretty true so far as what has occurred here on the floor of the House today. There ought to be a greater sense of responsibility than that among the Members. I submit there is but one way that we can purge ourselves of the shame that has descended upon us here this afternoon, and that is to recommit this bill to the Committee on Appropriations. I have placed such a motion to recommit on the Speaker's desk, and I intend to call up the motion to recommit at the proper time, and I hope the Members will adopt it.

Mr. CHRISTOPHER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I shall not use the entire 5 minutes. I shall use very little of the time, but I just want to say to the Members of this House that if the Bureau of the Budget are in absolute control of the Government of the United States, I would suggest that I and my colleagues all resign and go home.

Mr. Chairman, I yield back the remainder of my time.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I heartily commend the gentleman from Wisconsin for the courageous statement he has just made. If ever a bill deserved to be recommitted, it is this one. Expenditures under this measure have been increased by millions upon millions of dollars. I doubt that anyone knows the total. This is the worst day of logrolling I have seen since coming to Congress.

Let the record show that I am for recommittal of this appropriation bill and will vote against it if the recommittal motion fails.

Mr. SPRINGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I desire to commend the gentleman from Wisconsin on his words. Some of the amendments offered this afternoon are the worst examples of logrolling I have seen in the 5 years I have been in the House.

If the gentleman from Wisconsin can get a rollcall on his motion to recommit the bill I shall certainly support it.

The pro forma amendments were withdrawn.

The Clerk concluded the reading of the bill.

Mr. RABAUT. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, 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. 6766, making appropriations for the Atomic Energy Commission, the Tennessee Valley Authority, certain agencies of the Department of the Interior, and civil functions administered by the Department of the Army, for the fiscal year ending June 30, 1956, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. CANNON. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. DAVIS of Wisconsin. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. DAVIS of Wisconsin. I am.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. DAVIS of Wisconsin moves to recommit the bill to the Committee on Appropriations.

Mr. CANNON. 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. DAVIS of Wisconsin. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. RABAUT. Mr. Speaker, I ask unanimous consent that all Members who spoke on the bill today may have permission to revise and extend their remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. ALGER. Mr. Speaker, it is a matter of grave concern to me that we are debating the additional funds needed for the TVA when, to my certain knowledge, the TVA is in itself unconstitutional. I can find nowhere in the Constitution the right given to the Federal Government to produce electric power, and in competition with private business.

The right of free enterprise is a basic right which our forefathers held came from God, not Government. Or to quote the Declaration of Independence, upon which our Constitution is founded:

> We hold these truths to be self-evident that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed.

Government is to protect our rights and freedom, not compete with them. The loss of economic freedom would mean the loss of all freedom. TVA and public power development, interest and tax free, is marching in that direction. "Promote the general welfare" does not permit power development, nor does any other part of our Constitution.

It is also interesting to note that under socialism, next to control of credit, the most important weapon is electric power. Through the TVA and other public power development, we are well on the way to establishing this basic principle of socialism. If socialism is bad for us in the United States, then a little bit of it is bad. Any degree of a disease is as bad as the disease itself. So let us not nurse public power in our midst when private enterprise and the profit system, which have always undergirded our form of government, are so flagrantly challenged as they now are.

Free enterprise cannot survive Government competition. Let us not call socialistic public power a part of our system. Let the Socialists stand up for what they believe. Let those who believe in free enterprise so state. The battle thus joined can in conclusion produce a clear-cut answer. We cannot have both and survive—one must go, either public power or private business. We are at this moment surviving in spite of public power development, not because of it.

TVA was intended primarily for flood control, now the power development is its greatest function, which is beyond its constitutional right.

Yet the TVA can do much more than administer a power plan. It can condemn, buy, and develop most properties unhindered by the protests of the owners or local and State authorities. It can rearrange highways, railways, bridges, mills, and electric-light plants at will; it can remove great sections of land from public tax rolls; in lieu of taxes it can dole out such money as it feels like to local and State government; it can arbitrarily determine the size of farm units to get the benefits of vital irrigation or flood protection; it can operate with unlimited funds a wide variety of businesses exempt from State restraints for the control of competition. It may eventually have hundreds of millions of its own funds to put into almost any activity that might occur to its directors.

WHERE NOW IS STATE GOVERNMENT, STATES RIGHTS, AND OUR CONSTITUTION?

Two wrongs do not make a right. A bad law should not be continued or

tolerated by a reduction appropriation. Let us sell the TVA to the people of that area, let us not argue the merits of another steam generator, the elimination of fertilizer manufacture, or more or less annual running expense.

To further develop the study of the TVA, I wish to call my colleagues attention to this treatise by Professor Stephenson, of the University of Kansas, entitled "TVA: Profit or Loss?":

TVA: PROFIT OR LOSS?

(By Eugene A. Stephenson)

The casual visitor to the area served by the Tennessee Valley Authority is justifiably impressed by the magnificent dams, the smoothly functioning locks, occasional barges loaded with coal, fuel oil, automobiles, grain, and miscellaneous freight; by the lakes that provide both hydroelectric power and picturesque scenery as well as wholesome recreational facilities; by the great steam generating plants and the various industries that have taken advantage of the low rates at which power is available. However, many aspects of the enterprise cannot be readily seen by this casual observer, and a critical analysis of the accounting practices is necessary in order to determine whether or not this gigantic venture is a financial success.

Out of a maze of conflicting testimony, documentary and otherwise, a case can probably be made for the establishment of TVA as a conservation measure or for flood control, with promotion of navigation on the Tennessee River in order to compete with railroad transportation. Or it can be shown that TVA was designed to prove that public power can be produced and sold at much lower rates than are possible with private industry. It has also been suggested that TVA was planned to some extent as a punitive measure against the entire electric utility industry because of the scandals of a few of its prominent individuals, scandals that became prominent in the late twenties. Some evidence exists for all of these possibilities, and any discussion of TVA is likely to include some reference to one or more of them.

The basic TVA Act of 1933 was designed "to promote the national defense, to further the proper use, conservation, and development of the natural resources of the Tennessee River area and of related adjoining territory, to further the agricultural and industrial development and to promote the economic and social well-being of the people of that region. The methods provided by the act for bringing about these results are the maximum development of the Tennessee River for navigation purposes, flood control, and generation of electric power, incidental to and consistent with flood control and navigation, the disposition of the surplus power thus produced. * * * The most important considerations are the furthering of the public interest in making power available at the lowest rate consistent with sound financial policy, and the accomplishment of the social objectives which low-cost power makes possible."

Slight modifications were made when the original act was amended in August 1935, one of the most important of which was the following, in section 14, third paragraph:

"It is hereby declared to be the policy of this act that, in order, as soon as practicable, to make the power projects self-supporting and self-liquidating, the surplus power shall be sold at rates which, in the opinion of the Board, when applied to the normal capacity of the Authority's power facilities, will produce gross revenues in excess of the cost of production of said power."

The broad powers granted to the TVA Board to allocate investment and costs to the various projects embraced in its program, subject only to the approval of the President of the United States, have raised a question as to the wisdom of this provision. Regardless of his competency and skill as an Executive, no President should be expected to add to his other arduous duties by taking time to analyze adequately the mass of details which should serve as the basis for such allocations. Since Presidential approval cannot be more than a mere perfunctory act, the Board is virtually its own arbiter on any question of policy and has thus been able to perform practically all of its activities under the blanket heading of general welfare or public interest, subject only to the restrictions laid down by Congress, the Federal Power Commission, and the courts which have been called upon to adjudicate disputes.

The most authentic sources of information relative to TVA are the congressional hearings and the TVA yearly reports which also embody the annual financial statements. Emphasis in these annual reports has shifted from time to time to stress different features, such as the cheapness of the power produced and sold, the increase in the per capita consumption of power under the stimulus of low rates, expansion in rural electrification, forest management, soil conservation, erosion control, malarial suppression, research and production of improved phosphates, effective processing of minerals, manufacture of ammonia and nitrates and elemental phosphorus for military purposes, development of wildlife refuges, and recreational facilities. Although many of these phases of TVA seem to bear little relation, if any, to the original TVA program, the concept of unified development for the region is certainly broad enough to encompass a highly diversified field.

One striking omission that characterizes the annual reports is the failure to mention the "self-supporting and self-liquidating" requirement of the amended TVA Act. While frequent claims are made of the net earnings, reported to range from 2 to 5.75 percent on the depreciated investment in power facilities before interest, the only precise statement of TVA's recognition of the obligation to pay interest is found in the 1941 report, page 38, which reads as follows:

"When the allocated portions of common costs are added to direct costs, including the costs of steam generating plants and transmission systems, the results establish the proportions of the Authority's total investment in water control and utilization facilities chargeable to the three programs. At present (1941) these proportions are: Navigation 21.8 percent, flood control 12.4 percent; and power 65.8 percent. If the Authority's power program is to be self-supporting, therefore, power revenues must cover all costs associated with the production of power, including depreciation and interest on 65.8 percent of the total investment." The percentages shown are for the year 1941 only and are considerably different for later years, but the principle announced therein is sound insofar as it goes, even though it fails to mention the self-liquidation feature specified by the 1935 amendment to the TVA Act. By the year 1953 the allocated portion of the total river investment devoted to power alone, plus single-use dams, powerlines, and steam plants, reached 73.2 percent before depreciation is considered. The investment in power facilities, after deductions for depreciation, is reported at $803,481,000, exclusive of interest during construction.

A Government corporation possesses unique advantages over its competitors in private industry through its relative freedom from certain expenses, notably interest and many forms of tax. Some of them also have the power to distribute their total investment among several different accounts—known as the allocation principle—and thus decide arbitrarily what portion of the investment that serves several purposes shall be devoted to any particular one. In the case of TVA, these advantages finally culminate in what appear to be smaller investments in power production facilities, reduced operating expenses, and lower cost per unit of power produced. Stated another way, the yardstick by which the cost of power production is measured is shy several inches in length. Public power seems cheaper than that produced by the privately owned utilities simply because a few large expense items which must be borne by the privately owned corporation are avoided or are passed on to the unsuspecting taxpayers.

Since TVA is the outstanding example of power production by a Government unit, the study presented herewith was undertaken as an objective effort to discover, as nearly as possible, what are the real costs of producing "public power." By that is meant, what are the full costs, hidden and revealed, after elimination of all of the investment and operating expenses in connection with the other activities which are part of the elaborate series of the Authority's multifarious functions. On that account, no consideration is given herein to any phase of the Authority's programs, other than power production and sale. Flood control, navigation, fertilizer research and manufacture, munitions preparation, minerals beneficiation, reforestation, etc., are all charged off completely to the general welfare or public interest, even though these represent total contributions from Congress of more than $540 million. Nor is any attempt made to charge against TVA the cost of various forms of aid from other departments of Government, even though the cost of this aid necessarily came from the general tax funds. Still further, in order to view TVA as a going concern, and in recognition of the fact that it usually requires several years for an undertaking of such magnitude to reach the stage where its operations may be considered stable, this analysis excludes the results of the first 5 years of TVA operations, and limits its scope to the 15-year period 1939–53. The reader should realize, however, that this procedure will show the TVA financial picture to be more favorable than is actually the case.

The pertinent financial data are presented in the accompanying tables. Table 1 shows by years the income and expenses of the power program as reported in the annual statements, slightly modified to include as income all interest received and as expense all interest paid. TVA claims a gross income for the 15 years of $688,942,000 and expenses of $456,585,000 with a net income of $232,357,000.

Table 2 shows by years the various items of expense which are not included in the TVA operating costs, but which have either been paid by the taxpayers or have been lost to the Government as uncollected revenue. The latter would have been expense had TVA been subject to the same tax obligations as those borne by privately owned utilities. The two largest items of additional expense are unpaid interest and unpaid taxes.

Interest: The interest charges shown in column 1 of table 2, include interest on the invested capital devoted to power production—after depreciation—plus the interest on funds used during the construction of additional power facilities, less interest paid and included in the expenses shown in column 5. Under standard accounting practice, interest during construction is charged to investment, a procedure which has been followed herein. Even though Congress does not require any payment of interest on the huge sums appropriated to TVA, nevertheless such money was borrowed from banks and individuals or other lenders, and the average interest rate on such long-term borrowings has been approximately 2.5 percent, which is the rate used in all calculations herein. The additional investment represented by

the capitalized interest amounts to $26 million, after depreciation, which raises the total invested capital to approximately $830 million for the year 1953.

The interest paid out by TVA has been chiefly on bonded indebtedness incurred by the purchase and rehabilitation of the properties of Tennessee Electric Power Co., Alabama Power Co., and Mississippi Power Co. The maximum amount of bonds outstanding at any time was $65,072,500. Most of the money was borrowed in 1939 from the RFC and the United States Treasury, and the bonds bore interest rates from 1¾ to 2½ percent, but some "special arrangements" were made with the United States Treasury for the payment the first year of only one-half percent interest on $52 million of the total amount. This was increased to 1 percent on $56 million in 1942, a rate which continued through August 15, 1949. By that time, the bonds outstanding had been reduced to $49 million, and the interest rate was raised to 2 percent, which was paid until August 15, 1950, when the rate was reduced to 1⅞ percent. That rate continued until August 15, 1952, but it was again raised to 2 percent through August 15, 1953. No explanation for these changes in rates appears in the annual reports. The total unpaid interest, after deduction of payments to bondholders of $9,545,000, amounts to $161,754,000, which is a contribution directly from the pockets of the taxpayers.

Taxes: It is inconceivable that the Government should tax itself to provide a source of income. Nevertheless, when it launches an enterprise that competes with private capital, it definitely suffers a loss of revenue in the form of taxes that would have flowed to the Government if that source of income had not been destroyed by its own business venture. Hence those unpaid taxes become one of the costs which the Government pays, or foregoes, as the result of its entry into a field normally occupied by private individuals or corporations. On the part of the Government corporation, this becomes a form of unseen subsidy which enables it to operate with lower production costs than are possible with the private concern. These taxes, which TVA does not pay, include principally both State and Federal income, excise, franchise, unemployment, sales, use, electric energy, old-age benefits, automobile license, and State and Federal gasoline taxes.

Payments entitled "In Lieu of Taxes" are made to the States and certain counties of Alabama and Tennessee, as prescribed by the amended TVA Act. These have averaged 4.28 percent of the gross income, and have amounted to $29,500,000. But the privately-owned utilities would have been required to pay a tax of $147,759,000 on the same gross income, or at the average rate of 20.95 percent. Thus a tax deficit of $118,278,000 has been created, which under private ownership would have been paid to the Government; therefore, it is a loss to the Government, or a cost—paid by the Government—of producing TVA power.

Allocation of investment: Under its autonomous power to allocate investment to the various types of program, TVA allocated approximately 60 percent of the common investment in multipurpose dams to navigation and flood control and 40 percent to power production. These proportions were used until 1950 when slight changes were made. By 1953, they were 58 percent to navigation and 42 percent to power. When the direct investment in power facilities—such as turbines, generators, and other appurtenances—is added to the common investment, the part admittedly devoted to power production becomes 52.8 percent and that to navigation and flood control, 47.2 percent. These allocations are supposed to be based by TVA on the appraised values of flood control and navigation benefits, but have been subject to much criticism.

Common expenses: The activities of TVA embrace so many features—even though they are primarily power production, navigation, flood control, and national defense—that some degree of overlap is almost inevitable, particularly in the case of items that are usually considered common expenses or part of administration and overhead expenses. TVA segregates these common items and for 16 years has divided them equally between the three major activities, power, navigation, and flood control. Beginning with year 1950–51 the proportions were changed to a slightly different basis, whereby the amount chargeable to power was placed at 40 percent and the remainder of 60 percent to navigation and flood control. These proportions have also been used for the subsequent years. However, even these changes are inconsistent with the allocations of the common investment. Since 1949 the allocations of common investment to power are as follows:

	Percent
1949–50	40.4
1950–51	40.9
1951–52	41.5
1952–53	41.6

Whether the allocations of investment by TVA are sound or not (and many engineers consider them fantastically unsound) the proportion of the common expenses allocated to power should be on the same basis as the investment. In order to accomplish this objective, the common expenses allocated to power have been recomputed for the period 1939–49 on the basis of 40 percent to power, and for the years 1949–53 on the basis shown above. The net result is the addition of $1,880,000 to the cost of power production and the removal of this amount from the cost of navigation and flood control. The results by years are shown in column 4 of table 2.

Earnings: The total power production expense is the sum of columns 1, 2, 3, and 4, plus those already reported by TVA and shown in column 5 of table 2 (repeated from col. 3 of table 1). It amounts to $740,773,000. The boasted net income of $232,357,000 is completely erased and is replaced by a net loss of $51,831,000. These results are shown in summary below:

Net income claimed by TVA	$232,357,000
Additional expenses shown in table 2:	
Interest on depreciated investment in power facilities and on construction in progress of similar facilities	151,754,000
Depreciation on capitalized interest during construction	2,276,000
Common expenses transferred from flood control and navigation to power expense	1,880,000
Taxes lost by United States Government	118,278,000
Total additional expenses	284,188,000
Net loss	51,831,000

Amortization: The Government Corporation Appropriations Act of 1948 calls for payment to the United States Treasury by TVA of $348,239,000 within 40 years, or at the rate of $87,059,810 every 10 years, without interest (except for interest on outstanding bonds). If equal annual installments are assumed, this is equivalent to an average outstanding debt of $174 million for 40 years. If it be further presumed that the 2.5 percent interest rate on long-term Government loans will continue during the next 40 years, then the United States Treasury will have paid out in interest $174 million by the time TVA has repaid the capital sum required. Since TVA is not to pay that interest, it must come from the taxpayers instead of the users of the electricity.

A similar 40-year payment has also been permitted by Congress for all additional TVA power facilities constructed after 1948. The payments were originally scheduled to start as of the year the facilities are placed in service, but the original plan appears to have been modified. Out of a total of $351,059,000 which has been invested in power facilities since 1948, chiefly for steam plants, no specific payments are required toward this sum until 1990, by which year $17,745,840 must be paid. By that time, the interest on the $351,059,000 at 2.5 percent per year will have reached a total of $324,829,475. Other payments to be made in 1991, 1992, and 1993 are supposed to liquidate the remaining debt to the United States Treasury; but additional interest of approximately $21,300,000 will have accumulated by that time, plus interest on further additions to the steam plants now under construction but not yet shown on the TVA books as investment. By the year 1993, at least some $694 million in interest charges will thus have been paid by the United States Government. To these must be added the other losses on power production already listed, losses that will continue to grow in size if the present subsidies remain in effect. All of these enormous expenses must be paid by the taxpayers in order to perpetuate the myth of low-cost public power. It is here recognized, of course, that proper accounting procedure does not require that both depreciation and repayment of borrowed capital be entered as costs of production. But as long as the borrowed capital remains unpaid, the interest on it is still an inescapable cost to someone; in the case of TVA, the "someone" is the taxpayer.

Municipalities and cooperatives: Since TVA is authorized to give preference in its power sales to counties, States, municipalities, and cooperatives, and since it incorporates in the annual statements the financial status of the municipalities and cooperatives to whom it sells power, some students of the problem take the position that the financial position of all three organizations should be considered in any survey of power costs. Since the main objective has been to ascertain only the cost of TVA power production, that has not been done in this particular study. However, if the three units be considered together, the results may be summarized as follows, where in the same 15-year period is used:

(a) Combined gross income of TVA and the municipalities and cooperatives to which TVA sells power	$1,474,520,000
(b) Total taxes paid by above groups	$69,853,000
(c) Above taxes (b) expressed as percent of gross income (a) ____percent	4.737
(d) Average percent of gross income paid by the electric utilities during the same period ____percent	20.953
(e) Difference in tax rates expressed as percent, or line (d) minus line (c) ____percent	16.216
(f) Additional taxes that would have been paid on gross income of line (a) if these groups had been taxed on the same basis as the electric utilities, 16.216 percent of line (a)	$239,108,000
(g) Deduct TVA tax deficit already shown in table 2, column 3	$118,278,000
(h) Tax loss due to municipalities and cooperatives	$120,830,000

(i) Add losses for TVA alone, table 2, column 8	$51,831,000
(j) Total loss due to combined operations of TVA and the municipalities and cooperatives to which it sells power	$172,661,000

Remedy: Lest we become utterly discouraged by the contemplation of the above results, it may be well to recall that a healthy democracy possesses the means by which it can rectify its own errors and chart new courses of action. Where it has already embarked on ventures of a socialistic character, the vigorously expressed will of the people can halt their further extensions, as has been clearly demonstrated in England. While the recovery from such an experiment is apt to be a slow, faltering process that has been aptly compared to attempts to put Humpty-Dumpty back on the wall, if the issue is squarely faced, practical and logical solutions will be available from many sources.

TABLE 1.—*Summary of 1939–53 annual expenses and income reported by TVA, modified to include interest actually received and paid*

Year	Power sales, kilowatt-hours (1)	Gross operating revenues (2)	Power expenses (3)	Reported net income (4)=(2)−(3)
	Millions	*Thousands*	*Thousands*	*Thousands*
1939	1,618	$5,603	$4,125	$1,478
1940	3,630	15,429	11,129	4,299
1941	4,974	21,286	14,295	6,991
1942	5,983	25,466	21,793	3,673
1943	8,336	31,801	18,652	13,149
1944	9,110	35,545	21,429	14,116
1945	10,315	39,486	21,504	17,982
1946	9,059	35,343	19,129	16,214
1947	11,587	44,169	22,921	21,248
1948	12,225	48,775	32,157	16,618
1949	13,614	58,033	37,088	20,945
1950	14,166	57,787	31,719	26,068
1951	16,522	70,330	44,477	25,853
1952	20,177	95,004	69,908	25,096
1953	23,679	104,885	86,259	18,626
Total	164,995	688,942	456,585	232,357

TABLE 2.—*Summary of expenses incurred by U. S. Government in operation of TVA power program, plus taxes lost to the U. S. Government, the States, and municipalities (these are not shown in the annual reports)*

[In thousands]

	Interest not paid on investment (includes interest during construction) (1)	Depreciation on capitalized interest during construction (2)	Corporate taxes not paid (after deducting "in lieu" payments) (3)	Common expense previously allocated to navigation and flood control (4)	Reported expense of power program, including interest and depreciation (5)	Total expense (sum of cols. 1, 2, 3, 4, 5) (6)	Reported gross income (7)	Net gain (+) or loss (−) (difference between col. 6 and col. 7) (8)
1939	$3,030		$676	$33	$4,125	$7,864	$5,603	−$2,261
1940	4,458	$16	2,203	51	11,129	17,857	15,429	−2,428
1941	5,269	29	2,992	64	14,295	22,649	21,286	−1,363
1942	7,676	39	4,278	71	21,793	33,857	25,466	−8,391
1943	9,277	68	5,703	91	18,652	33,791	31,801	−1,990
1944	10,368	103	5,971	113	21,429	37,984	35,545	−2,439
1945	9,427	144	6,431	143	21,504	37,649	39,486	+1,837
1946	9,583	160	5,289	205	19,129	34,366	35,343	+977
1947	9,933	165	6,768	272	22,921	40,059	44,169	+4,110
1948	10,601	180	6,921	226	32,157	50,085	48,775	−1,310
1949	11,264	198	9,150	238	37,088	57,938	58,033	+95
1950	11,862	222	9,664	243	31,719	53,710	57,787	+4,077
1951	14,560	243	13,731	30	44,477	73,041	70,330	−2,711
1952	19,813	301	18,530	49	69,908	108,601	95,004	−13,597
1953	24,633	408	19,971	51	86,259	131,322	104,885	−26,437
Total	161,754	2,276	118,278	1,880	456,585	740,773	688,942	−51,831

1939–53 net income (profit) reported by TVA	$232,357,000
Actual net loss shown by this table	51,831,000
Discrepancy	284,188,000

WISCONSIN STRAWBERRY FESTIVAL

Mr. JOHNSON of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. JOHNSON of Wisconsin. Mr. Speaker, Friday and Saturday, June 18 and 19, Alma Center, the strawberry capital of Wisconsin, celebrates the strawberry festival, a community project sponsored by the American Legion Auxiliary. This year marks the sixth annual contest to pick a strawberry queen who will be the official delegate to many State events and will advertise this delicious fruit from the State's largest strawberry-growing region. There are six lovely candidates for the title this year. Each contestant gains points by selling strawberry-festival buttons, with the candidates earning the highest number of points being named queen on Saturday, June 18.

At this time I would like to say a few words about the strawberry crop of Alma Center and the surrounding vicinity. The total crop produced on the peak days of the season is estimated to run about 30,000 crates a day, with production building up to that peak on the days preceding the height of the season and then declining. I might add that there are 16 quarts of fine strawberries to a case and the selling price to growers this year is $6.50 a crate. There is a large selling organization for growers known as the Alma Center Fruit Growers' Cooperative; some of the others being the Lea Bros. Strawberry Exchange and the Odd Fellows Lodge No. 5, which has 2½ acres under cultivation as a means of adding to their earning fund.

This fruit, for which Alma Center and the surrounding area is justly famous, is sold to fruit distributors in the St. Paul, Minneapolis, Milwaukee, and Chicago areas, some going as far away as Omaha, with a lesser amount being sold by local stores and directly to consumers at farmers' roadside stands. I wish it were possible for me to furnish all the Members with a sample of this luscious fruit, but hope that some day you may enjoy the succulent strawberries grown in the southern part of Wisconsin's Ninth Congressional District.

PUBLIC WORKS APPROPRIATION BILL, 1956

Mr. BROOKS of Texas. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BROOKS of Texas. Mr. Speaker, I want to respectfully bring to my colleagues' attention the importance of the $1.5 million item in the public works appropriation bill for the fiscal year 1956 to begin construction on the McGee Bend Dam system in Jasper County, Tex.

This project is one of the most important single projects ever proposed for the eleven counties in southeast Texas that I represent. It was first authorized in 1945 to more fully utilize the tremendous fresh-water resources of the Neches and Angelina River system—one of the largest runoffs of fresh water in the Southwest. The rapid industrial and agricultural development of the gulf coast area during World War II clearly pointed up the need for the careful control of this river—for flood control to protect the giant refineries, chemical plants, and rubber-producing plants which line the lower part of the Neches River; for additional power to furnish electricity to the five REA co-ops in the area as well as to enable further industrial development in neighboring counties; and to provide a constant and dependable source of water for an important segment of our Nation's rice growers.

During the Korean emergency, a Corps of Engineers spokesman appeared before the Civil Functions Subcommittee and requested funds for nine projects as "those which we see as the next necessary (projects) and (those which) fit into the defense and essential civilian economic programs." Among these nine projects was the proposal for the completion of the McGee Bend Dam project.

McGee Bend Dam will lie in the heart of the Second Congressional District and will certainly pump lifeblood into all parts of its economic life.

After the Neches-Angelina Dam project was authorized in 1945, money was appropriated to begin construction on a small re-regulating dam downstream from the main, multi-purpose McGee Bend Dam. This small dam in the system, known as dam B, was located near Town Bluff on the Neches River. However, before any work on the project was begun, local interests in southeast Texas were required to pledge $5 million toward the cost of the entire dam system. The Lower Neches Valley Authority of Beaumont, Tex., a State agency, obligated itself to pay the local contribution. To expedite the construction of dam B the LNVA offered to furnish, in advance, $2 million of the total pledge of $5 million. The $2 million was paid by local interests in southeast Texas in advance and the small re-regulating dam was built for a total cost of about $6 million. The Government then appropriated additional amounts totaling about $850,000 for advance planning of the main dam and the people in the Second Congressional District stood by to make good their obligation of another $3 million upon completion of the project—as had been agreed by the Government.

Since 1952, however, no appropriation has been earmarked for construction of McGee Bend Dam. Our people have spent $2 million in cash for a small dam that was designed to be only a part of the major system authorized in 1945. The lake behind the dam is too small to hold enough water even for limited flood control, agricultural or industrial purposes. The continued economic development of the entire area depends on the construction of the main dam as originally planned and as originally agreed to by the Government when the LNVA contributed the initial amount of $2 million.

This year I appeared before the Western Division of the Subcommittee on Public Works of the House Appropriations Committee along with representatives of the LNVA and the REA electric co-ops which serve southeast Texas. At that time, Mr. Ed Easterling, of the LNVA, presented the chairman a letter from Mr. Roy Nelson, president of the Gulf States Utilities Co., of Beaumont, Tex., offering to buy the power generated at McGee Bend Dam for a price of $800,000 per year.

Mr. Speaker, I would like to insert pertinent parts of this letter at this point:

GULF STATES UTILITY CO.,
Beaumont, Tex., April 28, 1954.

Mr. W. F. WEED,
President, Lower Neches Valley Authority, Beaumont, Tex.

DEAR MR. WEED: We are in full agreement that an adequate supply of fresh water is of vital importance to the Beaumont-Port Arthur area. This company realizes that its own future is substantially dependent upon the continued agricultural and industrial expansion of that area and therefore desires to cooperate to the maximum extent warranted by economic considerations in order to insure a continuous and reliable source of water supply.

We hereby offer to purchase the entire electrical output of the McGee Bend project for an annual sum of $800,000 payable in equal monthly installments, subject to the execution with appropriate governmental authority of a mutually satisfactory agreement.

ROY NELSON, *President.*

I would like to make the point at this time, Mr. Speaker, that this private power company and the REA Co-ops are working together, in complete cooperation, toward the realization of greater power resources in southeast Texas and southwest Louisiana through the construction of McGee Bend Dam. I think it is indicative of the importance of this project that these two groups are harmoniously supporting every part of this Neches-Angelina River development.

The power portion of a multipurpose dam is a very important consideration, and I submit that this proposal to buy all of the power to be generated before the dam is ever built is substantial justification for including power facilities in the project and sound evidence that there will be a market waiting for this electricity.

Also at this subcommittee hearing, Mr. Speaker, the LNVA, in addition to the $5 million already pledged toward the McGee Bend Dam project, would further assure and bind itself that after the completion of the project it will further pay to the Government $200,000 per year for a period of 50 years. This additional assurance will bring local contributions to the project up to a total of $15 million and more than the original commitment to meet 18 percent of the total cost.

In view of the willingness of the people of southeast Texas to meet and even increase substantially their contribution to this project which is already partly completed, and in view of the ready market for all electric power which can be produced at the main dam under the latest specifications from the Corps of Engineers, along with the worthwhile benefits from flood control, water conservation, and recreational facilities, I respectfully ask my colleagues in the House to consider the patently sound economic feasibility of the McGee Bend Dam project and approve the $1.5 million proposed to begin work on completing this project.

SPECIAL ORDER GRANTED

Mr. O'BRIEN of New York asked and was given permission to address the House for 20 minutes on Wednesday, June 22, following the legislative program and any special orders heretofore entered.

THOMAS F. HARNEY

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2907) for the relief of Thomas F. Harney, Jr., doing business as the Harney Engineering Co., with Senate amendment thereto, disagree to the Senate amendment and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts? (After a pause.) The Chair hears none and appoints the following conferees: Messrs. LANE, FORRESTER, and MILLER of New York.

LAKE MEAD

Mr. SAYLOR. 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 Pennsylvania?

There was no objection.

Mr. SAYLOR. Mr. Speaker, whereas Lake Mead has nothing whatsoever to offer visitors, there is a completed park-disposal project in the annals of anti-conservationists that could actually serve as a vacationland and would attract millions of tourists each year—providing, of course, that we could find millions of persons who enjoy water without scenery, and who have a sufficiently distorted sense of beauty to enjoy areas of stumps on parched ground.

In 1913, Congress made the mistake of permitting a dam to be built in beautiful Hetch Hetchy Valley, in Yosemite National Park. The project proved to be a useless waste of money and property, and today sordid Hetch Hetchy Reservoir—or what remains of it—stands as a ghastly monument to the 1913 model anticonservationists. A tragic picture of splenetic emptiness is all that remains for the few visitors who occasionally wander into the once-colorful and radiant valley.

America of two score years ago had its share of hucksters who employed extravagant and fallacious claims to create distorted visions of dam sites for the more credulous folk. There was no place for logic or economy in their sales kit. One of the more vocal proponents of the Hetch Hetchy project had this to say:

Its beauty will be enhanced, making the valley more sightly and accessible * * * there can be no question but that the beauty of the scene, with a dam easily concealed by grasses and vines, will be enhanced by the effect of the lake reflecting all about it and will be in itself a great and attractive natural object.

In 1913 an article favoring the dam in Hetch Hetchy appeared in a special Washington edition of the San Francisco Examiner and accompanied by a glowing picture of what Hetch Hetchy would be like after the reservoir was formed. It depicted a beautiful roadway surrounding the body of water with a touring populace admiring and participating in this wondrous recreational area. Large hotels hanging from the cliffsides added to their manmade splendor.

The soothsayers of this not very ancient time were wrong, dead wrong.

The Hetch Hetchy of 1955 has created, as a result of the reclamation enthusiasts determination to improve upon nature, a desolate, swampy scene punctuated by scattered stumps of once proud trees.

The casual and perhaps misguided visitor to the "beautiful" area which was

scheduled to draw millions is greeted not by the compelling fragrance of blossoming foliage and verdant growth that characterize the rest of Yosemite, but is assaulted at once by the stench of drying, stinking muck.

And those stumps, which comprised virtually the only natural phenomenon in this previously inspired setting, are tombstones for monumentalizing one of the great mistakes made by the United States Congress as a result of the urging, pleading, and eloquent oratory that emerged in 1913 even as it is emerging again today from the practical engineers of the Bureau of Reclamation and the Department of the Interior.

The script has been only slightly changed for advocates of the plan to submerge the splendor of Dinosaur. Although the National Parks Act of 1916 was designed to prohibit recurrences of the Hetch Hetchy fiasco and has through the years successfully defended our park systems against further encroachments, the despoilers are determined to carry out their blueprint of destruction without regard for law or natural order.

To transform the breathlessly beautiful Dinosaur National Monument into the mud flats of a Lake Mead or a deserted never-never land of a Hetch Hetchy reservoir would be a violation of America's inheritance.

The enormity of the crime that would be committed defies description.

The disastrous consequences of the deed have been suggested and made at least partially understandable by one of the Nation's few great political cartoonists, Fitzpatrick of the St. Louis Post-Dispatch. I would like to submit a copy of Mr. Fitzpatrick's picturization of the Dinosaur National Monument project to my colleagues here in the House.

In closing, I urge the House not to be a part of this invasion of our national heritage and above all not to stand for a "time bomb amendment" that would bring the Echo Park unit back into the upper Colorado River project.

ANNOUNCEMENT

Mr. KEARNS. Mr. Speaker, I am going to be absent from the country for a week. I want to say that the mission I will be on will be in the best interests of the Congress of the United States.

THE LATE ERNEST GREENWOOD

Mr. WAINWRIGHT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. WAINWRIGHT. Mr. Speaker, it is with the very deepest regret that I announce to the House the death of my predecessor from the First Congressional District of New York, Ernest Greenwood.

Ernest Greenwood came to this country from England in 1910 when he was a mature, young man. Mr. Greenwood, a student of history, told me that the practical operation and application of American democracy meant more to him than anything else. Mr. Greenwood had a special dedication to our American institutions and American form of Government. As is true of many first generation citizens, they often appreciate our blessings far more than those who take these things for granted.

This love he had for American institutions was not merely abstract. He threw himself wholeheartedly into any effort to improve his home community. It was this that led to his entry into politics. Having retired in 1946 as headmaster of the Dwight School for Boys in New York City, he could not be content with mere contemplation. Three years later he ran for public office as candidate for the position of supervisor in the town of Islip. While defeated, his magnificent qualities were called to public attention. The following year he won his congressional seat after one of the most vigorous campaigns in recent New York political history.

His service in the 82d Congress was meritorious and courageous. A member of the Committee on Education and Labor, he fostered and supported much progressive legislation. As his colleagues bear witness, there was no Member more faithful or diligent in his attendance to this important committee duty. This impressive attachment to attendance was carried out in the House as well.

The origin of these good habits came from his years of scholastic leadership. Not only was he headmaster of the Dwight School, but also he had been president of the New York City Preparatory Evening School for Adults. Even after his retirement he remained on both boards. At one time he had been president of the Schoolmasters Association of New York.

In his home community and county, he took an especially active part in the Girl and Boy Scouts. He was president of the Suffolk County Council of the Boy Scouts of America. All agree that his activities were directly responsible for bringing Boy Scout affairs to their present high state.

As a director of the First National Bank of Islip, he lent a personal and human touch to a duty all too often impersonal. His church activities were many, but probably his greatest contribution was as a vestryman of St. Peter's Protestant Episcopal Church in Bay Shore.

To fill his seat in Congress is an honor and a privilege. It is a most difficult task. He had many friends on both sides of the political aisle, here in this House. He had thousands upon thousands of friends at home. We all will miss him. To his daughter, Mrs. Charles Banks of Bay Shore, the Congress extends its deep sympathy and regret. He was a good and just man.

Mr. DEROUNIAN. Mr. Speaker, will the gentleman yield?

Mr. WAINWRIGHT. I yield to the gentleman from New York.

Mr. DEROUNIAN. I would like to join in the tributes paid our late colleague by the gentleman from New York and express my condolences to the family of Mr. Greenwood.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. WAINWRIGHT. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I also join with my friend. Mr. Greenwood was one of the most serious Members of the House that I have ever met and a very kind gentleman, one who made a profound impression upon his colleagues. I am very sorry to hear of his death, and I join with the gentleman from New York in extending to his daughter my profound sympathy in her bereavement.

Mr. WAINWRIGHT. That is very much appreciated.

Mr. Speaker, I ask unanimous consent that all Members who so desire may extend their remarks at this point in the RECORD on the life and character of our late colleague.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KEOGH. Mr. Speaker, it was with great sadness that I learned today of the passing of our former colleague, Ernest Greenwood, who represented the First District of New York in the 82d Congress.

Mr. Greenwood was born in Yorkshire, England, and came to the United States in 1910. He worked as a pattern maker and as a teacher in vocational education. Subsequently, he became associate headmaster of the Dwight School in New York City, and for 19 years served as headmaster of the school. In 1946 he retired as headmaster and also retired as headmaster of the New York Preparatroy Evening School for Adults, an affiliate of the Dwight School. Mr. Greenwood served as chairman of the board of trustees of both schools and was a director of the First National Bank of Islip, and former president of the Bay Shore-Brightwaters Civic Association and president of the Suffolk County Boy Scout Council.

Mr. Greenwood was a conscientious Member and a fine public servant, and he will be greatly missed by those of us who were privileged to know and to serve with him. I know the other Members of the House join me in extending our sympathy to his daughter.

Mr. SIEMINSKI. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SIEMINSKI. Mr. Speaker, I call the attention of the Congress to the death of our beloved colleague, former Congressman Ernest Greenwood, who served with us here in the House during the 82d Congress in 1951 and 1952 when the Korean war was at a pitch peak.

I include as a part of my remarks an obituary appearing in the New York Herald Tribune of Thursday, June 16, 1955.

I considered Mr. Greenwood a very fine, cheerful, courteous, and close gentleman and friend. To his daughter, Mrs. Dorothy Banks, and to his sister,

Mrs. Dorothy Eastwood, go our deep sympathies in this their hour of sorrow. We were proud of Mr. Greenwood. He was a great fighter, a real man. We shall miss him.

[From the New York Herald Tribune of June 16, 1955]

ERNEST GREENWOOD IS DEAD; DEFEATED MACY FOR CONGRESS

BAY SHORE, LONG ISLAND, June 15.—Former Representative Ernest Greenwood, 70, a Democrat-Liberal, who defeated Representative W. Kingsland Macy in New York's First Congressional District election of 1950, died today at Southside Hospital.

Mr. Greenwood, who was taken to the hospital after suffering a heart attack on Monday, had been in retirement since November 1952, when he was defeated for reelection by Representative STUYVESANT WAINWRIGHT. He ran unsuccessfully against Representative WAINWRIGHT in 1954.

HANLEY LETTER INVOLVED

Having retired as headmaster of Dwight School for Boys, 72 Park Avenue, New York City, in 1946, Mr. Greenwood 4 years later entered the hottest fight of his career—a bitterly disputed campaign in which the Hanley letter was a central issue.

When the ex-schoolmaster entered the 1950 race, it was thought he had little chance against "King" Macy, Republican chairman of Suffolk County, former State Republican chairman and 2-term Congressman. But the scales tipped toward Mr. Greenwood when his opponent was accused by many Republicans of releasing a letter written to him by former Lt. Gov. Joe R. Hanley.

In the Hanley letter—which Representative Macy denied he had released to the Democrats—Mr. Hanley said that former Governor Dewey had promised to help him settle his debts, including some owed to Mr. Macy, if Mr. Hanley would accept the Republican nomination for United States Senator. Mr. Hanley, who had hoped to run for governor, was defeated in the Senate race.

Part of the First Congressional District lay in eastern Nassau County, and there Representative Macy was strongly opposed by the Republican organization headed by J. Russel Sprague, Nassau county chairman.

WON BY 135 VOTES

Mr. Greenwood, who had once been an enrolled Republican fought the 1950 campaign as a Democrat and Liberal who opposed Macy "bossism." He traveled more than 2,000 miles by truck during his campaign, and finally defeated Representative Macy by 135 votes.

After the Greenwood victory, Mr. Macy fought unsuccessfully to prevent him from being seated. Representative Greenwood was seated in the 82d Congress on January 12, 1951—the last of 435 Members to be seated in the House—but Mr. Macy continued a futile effort to oust him for another year. Mr. Macy was subsequently forced out of the county chairmanship.

Born in Yorkshire, England, Mr. Greenwood came to the United States with his wife in 1910. He worked as a patternmaker and then became a teacher of vocational courses. He took educational courses at Columbia University and City College, taught in the Schenectady public schools and later joined Dwight School as an associate headmaster.

HEADED EVENING SCHOOLS GROUP

He retired in 1946 as headmaster of Dwight and of New York Preparatory Evening School for Adults, but remained chairman of the boards of both schools. He had been president of the New York City Preparatory Evening Schools Association for 23 years. He was a former president of the Bay Shore Civic Association and the Schoolmaster Association of New York.

He was president of the Suffolk County Council of the Boy Scouts and a director of the Suffolk Girl Scout Council. He was a director of the First National Bank of Islip.

In 1949 he was an unsuccessful Republican candidate from Islip for representative on the Suffolk County Board of Supervisors. His home was at 53 Ocean Avenue, Bay Shore.

His wife died in 1952. Surviving are a daughter, Mrs. Dorothy Eastwood, and a granddaughter.

A funeral service will be held at 11 a. m. Saturday from St. Peter's Protestant Episcopal Church in Bay Shore, of which Mr. Greenwood was a vestryman.

Mr. DELANEY. Mr. Speaker, I have been much saddened by the death of my friend, Ernest Greenwood, who represented the First District of New York in the 82d Congress. I am sure that my sense of loss is widely shared here, for I have never known a Member who was held in more affectionate regard by his colleagues.

Mr. Greenwood's devotion to public service was notable.

A distinguished educator, as headmaster of the Dwight School in New York City for 19 years, headmaster of the New York Evening School for Adults, chairman of the board of trustees of both schools, president of the Schoolmasters Association of New York, and a member of the House Committee on Education and Labor, he made many valuable contributions to the field that claimed his lifelong interest. He often expressed the belief that the strength of our Nation depends on the proper education of our youth.

His interest in young people led Mr. Greenwood to become active in Boy and Girl Scouts' organizations. He was president of the Suffolk County Council of the Boy Scouts of America. The last time I saw him was when he brought a group of international Boy Scouts to Washington last year and I am happy that I was able to make sightseeing arrangements for them.

As a Member of Congress, Mr. Greenwood served his constituents ably and conscientiously. He was indefatigable in discharging his congressional duties and seldom missed a daily session or a committee meeting.

Ernest Greenwood will always be remembered by his friends here. He was a man of great personal charm. He was kindly, gentle, warmhearted, and generous. His integrity was never questioned. His interest in the welfare of his fellow beings was limitless.

I know that all Members will want to extend sympathy to Mr. Greenwood's daughter, Mrs. Charles Banks, of Bay Shore, Long Island.

Mrs. KELLY of New York. Mr. Speaker, it was with sadness that I learned of the death of our former colleague, Ernest Greenwood, who represented the First Congressional District of New York in the 82d Congress. Mr. Greenwood was a native of Yorkshire, England, and came to the United States in 1910. He was a teacher in vocational education and for 19 years was headmaster of the Dwight School in New York. He was also a director of the First National Bank of Islip, former president of the Bay Shore-Brightwaters Civic Association, and president of the Suffolk County Boy Scout Council. Mr. Greenwood served diligently in the House of Representatives. He was an able Congressman, and his State and his country benefited as a result of his efforts. He was a kind and gentle man, loved and respected by who knew him, devoted in the duties of his office and dedicated to public service. I am happy to have had the privilege of serving in this House with Ernest Greenwood and to his daughter, Mrs. Dorothy Banks, I extend my sincere sympathy in her loss.

A BRIGHT FUTURE

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes, to revise and extend my remarks, and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, so much of good and sense and sound advice is packed into an address delivered to the graduation class of 1955 of the Benton Harbor Community College and Technical Institute by Fred S. Upton, that others should be permitted to profit from it.

Mr. Upton is a successful businessman who, by his own experience, has demonstrated that the door of opportunity is still open for American youth.

His own career also further demonstrates not only that the door of opportunity is open but that one who has determination, who is industrious and will devote himself to the accomplishment of his objective, has every reason to be confident of success.

Permit me to read that address:

GUIDEPOSTS OF TOMORROW

Mr. Chairman, parents and graduates of the class of 1955, and guests, it is a sincere pleasure for me to address you, the graduates of the Community College of Benton Harbor, this evening. Usually a commencement address is given by a political leader or by a professional person, such as a lawyer, an educator or a clergyman. As you know, I am just a businessman who perhaps has picked up a little experience.

When Mr. Schlabach invited me to be your commencement speaker, I told him that this would be a new field for me, and that I might be lost among so many of you scholars. He suggested then that since the graduates and those of the college faculty would be wearing caps and gowns, I might care to have the same academic protection. It seemed to me that I would be in strange enough surroundings without such an outfit—so here I am.

First, I wish to congratulate the college and its administration for the splendid work it has accomplished since it was established. It is a well-known fact that Dr. Beckwith, Mr. Schlabach and the others who make up the college staff have, in a short time, developed one of the outstanding institutions of its kind in this part of the country. With the continued use of the excellent policies which have been followed, the future is bright indeed for your college.

Next, I wish to congratulate you parents upon the graduation of the young people who mean so much to you. I, as a parent, know that this is a happy evening for you as you see the culmination of your dreams when

your young graduate receives the coveted diploma.

Finally, may I rejoice with you graduates, so impressive in cap and gown, who have worked so hard that this evening might be a reality.

As you may know, I retire next month from Whirlpool Corp. which I have seen grow since 1911 from six employees, including my brother and myself, to its present size. What then are the guideposts which I might offer to those who are just about to commence their career? The guideposts which I am going to discuss are principles that are not new. Most of them have come down through the ages, and will be just as important and true for balanced living in the future as they have been in the past.

I suspect that many of you are undecided as to what your life's work is to be. I assure you that this is not unusual. In fact, an educator only recently told me that many college students, even in their senior year of college, do not know just what field they wish to pursue. Perhaps you feel that this is a mark of immaturity. The reverse is true. It is a process of maturity.

Often one must experience a number of jobs in entirely different fields before finding the vocation at which he is most happy and satisfied. Don't be afraid of change if it can develop you.

Ulysses S. Grant, twice elected President of the United States, started life as a professional soldier, a West Point graduate. He served with great distinction in the Mexican War. He thought, however, that such a career did not hold any future for him. He resigned his commission and engaged in a number of activities from real estate salesman to farming to merchant. None of his activities brought him much happiness or success. The Civil War paved the way for his return to the Army. History records his success in that war and ranks him second only to Lincoln in saving the Nation from being divided.

In planning your future, certainly you should avail yourself of the advice of older and more experienced people. Age brings experience, and experience wisdom, of which no young person can have too much. However, remember always, that the final decision rests squarely with you. You cannot successfully live the ambitions and interests of another. You must believe in, and be enthused about the work you do, for you and your family must live the career for which you prepare and accept.

A good education has always been essential. In this day of specialization, it becomes more important than ever before. Whether or not your formal education ends tonight, you must never lose the desire to learn.

Education must be coupled with the sincere desire to work. Education, such as you have enjoyed here, without that desire, will accomplish little. The combination, however, will create tools for which there is no substitute. Prophets of doom to the contrary, great opportunities to work, to create, and to prosper are still here, for one who has drive, initiative, honesty, and courage. There are more opportunities today than ever before. The day for opportunities is gone only for those who refuse to properly apply themselves. For them it never existed.

Use your leisure hours both for enjoyment and for personal development. Today, thanks to the tremendous economic progress we have enjoyed, we have more leisure than any people of any nation or of any age, in fact, more than one-half of your waking hours. Utilize this period as carefully as you do the so-called productive hours. Time can be wasted so easily day after day, when you are free of the routine and supervision of your employment.

Some of the time away from your job belongs to study. Education never ends. Men whom I respect and whose counsel I seek still are active students within their own fields and are also interested in all matters which affect our daily living.

Don't neglect the body for the mind. Allot a good share of your free time for play—bowling, fishing, golf, and other sports. Such physical activity will help to keep your bodies strong and healthy, and at the same time will afford you much pleasure.

I believe, especially as educated citizens, that you must take an active part in community affairs. There are many fine agencies that are organized to make our community better. I would urge you, when the opportunity presents itself, to take active part in some of the local social or charitable organizations. You will get much personal satisfaction from such activity, because you will be giving of your energy and talents to worthy causes.

In a true democracy it is the people who should govern. Too much in the past and today, thanks to apathy, there has been a neglect of this individual responsibility. This has opened the way to selfish minorities and unscrupulous political machines dominating our governmental systems. The educated man has an even greater obligation to provide public leadership.

I would urge you to be active within your church. Too many people today are not actively participating in spiritual life. I believe that as this important part of our life is weakened, so is our Nation weakened.

In all our activities we should realize that either someone, or some few, or perhaps many, are watching us and looking to us to set an example. Especially is this true when we are educated citizens. We may not know who these people are. If they look to us for their example, they are going to follow in the paths we establish. This is a responsibility that each of you must face.

I would certainly recommend that you always practice the two cardinal virtues of humility and sincerity. The wisest and most successful men of my knowledge possess both of these qualities. A truly educated man knows that the more he learns the less he really knows. The wise man realizes his personal limitations and inadequacies, and does not seek to cloak them in false pride or vain boasting.

The guideposts which I have just discussed can be summarized as follows:

1. Do not be discouraged if it seems to take considerable time for you to find your life's work.
2. Education must be coupled with a desire to work.
3. There are great opportunities that await you.
4. Take proper advantage of your leisure time.
5. Take an active part in community affairs.
6. Provide leadership in public matters.
7. Be active in your church.
8. Set a good example in everything you do.
9. Always be humble and sincere.

There is yet another guidepost which should be discussed. This is the matter affecting your individual security. I spoke a few minutes ago about the desire to work and the great opportunities that exist today. There has been much said in the past few years about security from the cradle to the grave. This theory is contrary to what I have experienced in 44 years of business. The best security is yourself.

While the past 20 years have given the greatest momentum to this philosophy than in any previous period, the seeds were planted long ago. The First World War; the severe depression of the thirties; the Second World war; followed immediately by the major inflationary period which is still with us, have all only served to accentuate the difficulty the individual has in coping with the large economic and social forces around him. These conditions have given impetus to the demand for absolute security.

While recognizing the causes of this modern philosophy, one must deplore the method through which it is sought, namely, the equating of the most able with the least able. There is nothing constructive or creative in such a practice. On the contrary it hastens the very thing that destroys a healthy progressive society. It substitutes the robot for the human being, thereby minimizing the incentive to create with one's own mind and hands. It offers a great opportunity to unscrupulous leaders to use a regimented population for immoral objectives. Germany and Russia are recent examples.

Certainly we are not opposed to security for the aged, the incapacitated, the infirm. As Americans we cannot blindly pass by those who, through no fault of their own, are unable to provide for themselves. True security, however, for the young and healthy is earned, not granted. It is not a right to which everyone is entitled regardless of effort or ability.

Unearned security is insecure. Like the Maginot line, no material fortress has ever been built that someone else cannot destroy. By robbing people of alertness and initiative, false security places a damper on ambition and desire to work. Our Nation was built on individual enterprise. The danger of the something-for-nothing philosophy, is that it gives more and more power to the grantor of the largesse, the promisor of this so-called insurance, whether the grantor be a political, social, or economic unit. The result is the individual receiving or promised such security will lose his economic freedom and perhaps even his political freedom.

Youth cannot afford this security. The cost is too great. The energy, the ambitions, the dreams of youth have their fulfillment only in hard work and in risk. They must not be stifled by the narcotic effect of so-called security. He who would seek to save his talents by avoiding real work or risk, will lose these talents.

Perhaps the best story to illustrate what I mean is the familiar parable told by Christ about the rich merchant and his three servants. Before setting forth on a journey the merchant gave to each servant certain talents, which were units of money at that time, in keeping with their attainments. He cautioned that upon his return he would expect a strict accounting of their employment of this money. You remember how the two with the larger sums put their talents to work and took the risk that was necessary to make a profit for their master. They received from their master on his return commendation and the promise of greater opportunities in his employ. That was their security. That was real security.

The third servant, on the other hand, sought security for the talent entrusted to him by burying it so as not to risk any loss. When the master received this accounting he was displeased that his servant had not put the talent to work. He took from the servant the talent he had given him and, as you will remember, discharged him from his service. Absolute security then as now left the worker with nothing.

It has always been thus. Risk not—gain not.

There is nothing dynamic about security. It calls for safety without risk, the changeless status quo, the promise for tomorrow of the same we have today.

Always in the past the liberal movement, the crusades of progress, have been led by youth for whom the cry has been, "Let us have a better tomorrow. Put no roadblocks in the path of our opportunity." Youth has said to those who preceded them, "Rest now and enjoy what your labors have earned for you. Give way to us who are young and strong. Let us enjoy our right to work and to risk and to create. Let us add our con-

tribution to the fashioning of the progress of civilization."

Esau was a piker compared to today's young folks who sell out their opportunity for so-called security. All Esau sold was his birthright. When today's youth sells out for this alleged security, it defeats its future and also destroys the very principles upon which this Nation was built and prospered. There can be no security for anyone if youth with all its health, talent, fertile imagination, and strength insists on having absolute security now.

The birthright of all Americans has always been individual freedom. American history is rich with political, social, and economic leaders who despite humble birth and despite frightening hardships have triumphed because the freedom they enjoyed as Americans enabled them to dream, to work, and to risk so that they could achieve the summit of their ambition.

True freedom is dynamic. Freedom is not protective. It is active. Let's go forward with the right fundamentals and restate our Nation's freedoms as they were understood when the Declaration of Independence was signed. In addition to freedom of speech and freedom to worship as one chooses, they were: The freedom to work; the freedom to make a choice; the freedom to succeed or fail; the freedom to enjoy the fruits of one's labor.

These are the necessary guaranties to our basic rights to life, liberty, and the pursuit of happiness. Freedom stated in these terms means opportunity in proportion to one's ability and willingness to accept it. This is the lesson taught in the parable of the talents.

Use your talents as your forefathers intended you to do. Combine the good education you have received here with a real desire to work and to risk when necessary. Do this and there is nothing that you cannot accomplish.

There is an even more glorious page that can be written in our American history. Whether it will be written or not, will depend on whether youth will embrace our proven principles of individual freedom, initiative, hard work, and religious faith, or whether it will follow the pied pipers of unearned security. The challenge is yours, and my prayers and best wishes go with you as you accept it.

JUVENILE DELINQUENCY

Mr. HOFFMAN of Michigan. Mr. Speaker, we continue to spend billions for free nations, free peoples, yet here in the Nation's Capital, on our doorsteps, inoffensive, law-abiding citizens cannot freely with safety walk the streets.

Not long ago a high-school student from Michigan was assaulted and robbed by three cowardly, thieving white youths.

Just a little later three high-school students from Mississippi were assaulted, knifed, and beaten by colored delinquents.

Just yesterday at approximately 10:45 in the forenoon, two girls on their way home from school through a public park were shot and killed.

When we cannot or lack the intelligence to or will not protect from assault, beating, robbery, rape, and murder, the people who either live in Washington or those who come to visit their Nation's Capital, it would seem we should direct our attention toward the necessity of freedom and safety of our own people before we attempt to reform the people of other nations.

While so many are seeking a remedy for what is termed juvenile delinquency, perhaps the solution may be suggested in the thinking inspired by an editorial in the Saturday Evening Post of April 30, 1955, entitled "Why No Chinese-American Delinquents? Maybe It's Traditional Respect for Parents," which I now read:

WHY NO CHINESE-AMERICAN DELINQUENTS? MAYBE IT'S TRADITIONAL RESPECT FOR PARENTS

Not long ago a New York City judge wrote to the New York Times saying that not in the 17 years he had been on the bench had a Chinese-American teen-ager been brought before him on a juvenile-delinquency charge. The judge said that he queried his colleagues on the matter, and they, too, expressed their astonishment. They said that not one of the estimated 10,000 Chinese-American teenagers, to their knowledge, had ever been haled into court on a depredation, narcotics, speeding, burglary, vandalism, stickup, purse-snatching, or mugging accusation. A check with San Francisco, where there is a large colony of Chinese-Americans, tells the same story. The same holds true of Chicago, where the police report excellent behavior on the part of Chinese-American youngsters.

P. H. Chang, Chinese consul-general in New York City, was asked to comment on this warm and amazing return. He said simply, "I have heard this story many times from many judges. They tell me that none of our people are ever brought before them for juvenile delinquency. They were surprised, but I was not. Why?

"I will tell you why I think this is so. Filial piety, the love for parents, is a cardinal virtue my people have brought over from the China that was once free. A Chinese child, no matter where he lives, is brought up to recognize that he cannot shame his parents. To do so would relegate him to worse than oblivion, for his parents would disown him and he would be cast free and alone from our traditions that go back many, many centuries.

"Before a Chinese child makes a move he stops to think what the reaction on his parents will be. Will they be proud or will they be ashamed? That is the sole question he asks himself. The answer comes readily, and thus he knows what is right and wrong.

"Above all other things, the Chinese teenager is anxious to please his parents before he pleases himself. Our family households work on the theory that the parents are wise and seasoned, and if the children follow the same course, they can do no wrong."

Today there are some 100,000 Chinese-Americans in the United States, of whom 90 percent live in New York City, Chicago, and San Francisco. Most are small businessmen in the import trade who deal with their own people in their own communities. Most, no matter whether wealthy or poor, maintain a strict, family-style home. Mealtimes are ceremonial affairs which must be attended by every member of the family. Holidays are celebrated in family style. Schooling, the reverence for religion and decorum, plus reverence for elders and family tradition, are the prime movers in developing the child from infancy.

The rest of us need not go back as far as Confucius, but there is much we could learn from our Chinese neighbors who regard the home as the fountainhead and parents as worthy of respect and imitation. More the pity that the new China, in seeking to modernize itself, has felt it necessary to spurn this tradition so that, as a Chinese official in this country declared, "for the first time in the history of my country there are tens of thousands of 'wild boys' of the road at large."

ADJOURNMENT OVER TO MONDAY

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.

EXTENSIONS OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. REECE of Tennessee.

Mr. FJARE.

Mrs. SULLIVAN and to include a speech.

Mr. ROOSEVELT and to include extraneous matter.

Mr. NATCHER to revise and extend the remarks he made in the Committee of the Whole and include the list of projects therein mentioned at the point indicated.

Mr. RADWAN.

Mr. CURTIS of Missouri and to include extraneous matter.

Mr. BERRY and to include copy of a letter.

Mr. EVINS and to include extraneous matter.

Mr. THOMPSON of New Jersey and to include extraneous matter.

Mr. BROOKS of Louisiana (at the request of Mr. McCORMACK) to revise and extend his remarks made in Committee and to include extraneous matter.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. KEARNS (at the request of Mr. FENTON) on account of mission abroad for 15 days.

Mr. VELDE for 10 days, until June 27, on account of official business.

Mr. BAUMHART (at the request of Mr. McGREGOR) for balance of week, on account of illness.

Mr. SMITH of Virginia for 3 days next week, June 20, 21, and 22, on account of official business.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 1. An act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 600. An act to amend title 18 of the United States Code relating to the mailing and transportation of obscene matter.

ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 26 minutes p. m.), under its previous order, the House adjourned until Monday, June 20, 1955, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

904. Under clause 2 of rule XXIV, a letter from the Director, Administrative Office of the United States Courts, transmitting a draft of proposed legislation entitled "A bill to amend the act regulating the business of executing bonds for compensation in criminal cases in the District of Columbia," was taken from the Speaker's table and referred to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BONNER: Committee on Merchant Marine and Fisheries. H. R. 6679. A bill authorizing the construction of two nuclear-powered merchant ships to promote the peacetime application of atomic energy, and for other purposes; without amendment (Rept. No. 852). Referred to the Committee of the Whole House on the State of the Union.

Mr. KILDAY: Committee on Armed Services. H. R. 6601. A bill to provide for the suspension of certain benefits in the case of members of the reserve components of the Army, Navy, Air Force, and Marine Corps ordered to extended active duty in time of war or national emergency, and for other purposes; without amendment (Rept. No. 853). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H. R. 4280. 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; with amendment (Rept. No. 856). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURRAY of Tennessee: Committee on Post Office and Civil Service. S. 67. An act to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes; with amendment (Rept. No. 857). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FORRESTER: Committee on the Judiciary. H. R. 2746. A bill for the relief of the First National Bank of Birmingham, Ala.; without amendment (Rept. No. 854). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 5080. A bill for the relief of Florence E. McConnell; without amendment (Rept. No. 855). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANFUSO:

H. R. 6868. A bill to amend the Agricultural Trade Development and Assistance Act of 1954 so as to authorize sales on credit; to the Committee on Agriculture.

By Mr. BERRY:

H. R. 6869. A bill to authorize the sale of certain lands to the city of Wall, S. Dak.; to the Committee on Agriculture.

By Mr. CELLER:

H. R. 6870. A bill to amend the Federal Probation Act to make it applicable to the United States District Court for the District of Columbia; to the committee on the Judiciary.

H. R. 6871. A bill to continue the effectiveness of the act of December 2, 1942, as amended, and the act of July 28, 1945, as amended, relating to war-risk hazard and detention benefits until July 1, 1956; to the Committee on the Judiciary.

By Mr. ELLIOTT:

H. R. 6872. A bill to provide for the representation of indigent defendants in criminal cases in the district courts of the United States; to the Committee on the Judiciary.

By Mr. PRIEST (by request):

H. R. 6873. A bill to amend the Interstate Commerce Act with respect to the authority of the Interstate Commerce Commission to regulate the use by motor carriers (under leases, contracts, or other arrangements) of motor vehicles not owned by them in the furnishing of transportation of property; to the Committee on Interstate and Foreign Commerce.

By Mr. THOMPSON of New Jersey:

H. R. 6874. A bill to establish a program of cultural interchange with foreign countries to meet the challenge of competitive coexistence with communism, to establish a Federal Advisory Commission to advise the Federal Government on ways to encourage artistic and cultural endeavor and appreciation, to provide awards of merit, and for other purposes; to the Committee on Education and Labor.

By Mr. WALTER:

H. R. 6875. A bill to amend the Clayton Act to allow the courts discretion in awarding damages, and for other purposes; to the Committee on the Judiciary.

By Mr. WHITTEN:

H. R. 6876. A bill for the purpose of erecting in Hernando, Miss., a Federal and post-office building; to the Committee on Public Works.

H. R. 6877. A bill for the purpose of erecting in Senatobia, Miss., a Federal and post-office building; to the Committee on Public Works.

H. R. 6878. A bill for the purpose of erecting in Carrollton, Miss., a Federal and post-office building; to the Committee on Public Works.

H. R. 6879. A bill for the purpose of erecting in Sardis, Miss., a Federal and post-office building; to the Committee on Public Works.

H. R. 6880. A bill for the purpose of erecting in Sumner, Miss., a Federal and post-office building; to the Committee on Public Works.

H. R. 6881. A bill for the purpose of erecting in Vaiden, Miss., a Federal and post-office building; to the Committee on Public Works.

H. R. 6882. A bill for the purpose of erecting in Calhoun City, Miss., a Federal and post-office building; to the Committee on Public Works.

By Mr. BYRD:

H. R. 6883. A bill to amend the Rubber Producing Facilities Disposal Act of 1953 to provide for the disposal of the Government-owned facility at Institute, W. Va.; to the Committee on Armed Services.

By Mr. GENTRY:

H. R. 6884. A bill to facilitate the transfer of storage facilities between the military departments; to the Committee on Armed Services.

H. R. 6885. A bill relating to the traffic-management functions of the General Services Administration; to the Committee on Government Operations.

By Mr. JENKINS:

H. R. 6886. A bill to amend the act of October 19, 1949, entitled "An act to assist States in collecting sales and use taxes on cigarettes"; to the Committee on Ways and Means.

By Mr. MILLS:

H. R. 6887. A bill to extend for 1 year the application of section 108 (b) of the Internal Revenue Code of 1954 (relating to income of a railroad corporation from discharge of indebtedness); to the Committee on Ways and Means.

By Mr. WALTER:

H. R. 6888. A bill to amend the act of September 3, 1954, and to facilitate the entry of skilled specialists chargeable to the quota for Spain; to the Committee on the Judiciary.

By Mr. WILSON of California:

H. R. 6889. A bill to modify the basis upon which Veterans' Administration benefit awards to women as widows may be made; to the Committee on Veterans' Affairs.

By Mr. DELANEY:

H. R. 6890. A bill relating to the rendition of musical compositions on coin-operated machines; to the Committee on the Judiciary.

By Mr. WHARTON:

H. R. 6891. A bill to amend the Agricultural Adjustment Act of 1938 to exempt certain wheat producers from liability under the act where all the wheat crop is fed or used for seed on the farm, and for other purposes; to the Committee on Agriculture.

By Mr. DODD:

H. Con. Res. 165. Concurrent resolution relative to inviting Spain to become a member of the North Atlantic Treaty Organization; to the Committee on Foreign Affairs.

By Mr. ANFUSO:

H. Con. Res. 166. Concurrent resolution relative to inviting Spain to become a member of the North Atlantic Treaty Organization; to the Committee on Foreign Affairs.

By Mr. WALTER:

H. Res. 279. Resolution authorizing the printing of additional copies of the hearing on Communist activities in the Fort Wayne, Ind., area for the use of the Committee on Un-American Activities; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. CELLER:

H. R. 6892. A bill to consider residence in American Samoa by Catharine Mary Cool as residence in the United States for naturalization purposes; to the Committee on the Judiciary.

By Mr. HAYWORTH:

H. R. 6893. A bill for the relief of C. H. Baldwin; to the Committee on the Judiciary.

By Mr. LANE:

H. R. 6894. A bill for the relief of Dr. Giulio DiFucia; to the Committee on the Judiciary.

H. R. 6895. A bill for the relief of Adolphe C. Verheyn; to the Committee on the Judiciary.

By Mr. POAGE:

H. R. 6896. A bill for the relief of Luisa Guidi Miller; to the Committee on the Judiciary.

By Mr. WALTER:

H. Con. Res. 167. Concurrent resolution approving the granting of the status of permanent residence to certain aliens; to the Committee on the Judiciary.

H. Con. Res. 168. Concurrent resolution favoring the granting of the status of permanent residence to certain aliens; to the Committee on the Judiciary.

By Mr. HESS:

H. Res. 280. Resolution providing that the bill, H. R. 5385, and all accompanying papers shall be referred to the United States Court of Claims; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

America and the Far East

EXTENSION OF REMARKS

OF

HON. HARRY FLOOD BYRD

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Thursday, June 16, 1955

Mr. BYRD. Mr. President, today our colleague, the Senator from Vermont [Mr. FLANDERS], is speaking in London to the Royal Institute of International Affairs on the subject America and the Far East.

I think it is appropriate to insert this address in the CONGRESSIONAL RECORD on the same day on which it is delivered in London.

I ask unanimous consent that it be printed in the RECORD.

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

AMERICA AND THE FAR EAST

This opportunity of speaking before you is one for which I am most grateful. This is no perfunctory statement and I want to explain just why I am grateful.

We of the 20th century have become familiar with the concept of the rise and fall of a series of civilizations, some in succession, others concurrently or overlapping when sufficiently separated geographically to give each its proper arena. This concept is advanced to succeed the older one of a unitary civilization, of which Western civilization is the residual heir, from the first beginning of history on the Euphrates and the Nile.

Three of the historians of civilization—Flinders Petrie, Oswald Spengler, and Arnold Toynbee—have developed the theory of cycles. None of these men could have been historians of civilization until these latter days. It is only in the century past that archeology and historical scholarship have provided the data which could be so analyzed and organized that civilization could be distinguished, their characters defined, and their histories compared.

I cannot mention these names without referring to another in the great line of world historians, Mr. Lionel Curtis. His achievement is to set forth the essential contribution of Christianity to accomplishing the continued growth of our civilization, so that it will not repeat the pattern of the past. Further analysis of and support to this thesis I hope to present in other ways and at another time.

I am one of those convinced that civilizations are born, grow to maturity, and then either fall into a decline or stagnate at a level lower than their creative prime. I have furthermore concluded that our own Western civilization is now arriving at a time of such testing; that our way of meeting that test will determine whether we continue to advance or, alternatively, we face a future in which uncertainty in our ideals and conflict between and in our institutions lead us to the era of decline.

Finally, I have concluded that Arnold Toynbee is right in his conviction that the strength and the testing of a civilization is determined by events in the field of morals.

If all this is true, a special responsibility is laid upon your country and mine. We have not made the greatest contributions to our civilization in any of the fine arts, except literature. We have been among the leaders in the sciences. We have been the leaders in the industrial evolution and the modern world of production and distribution is ours. This means that Britain and America have introduced into the world the vast changes which offer so much hope for the material improvement of mankind but which yet have undermined the social and spiritual institutions of whole races, without our being able to replace them with anything better and stronger.

Material problems we can solve. We are now face to face with the ultimate moral problems of this crucial age in Western civilization. What resources can we bring to the solution of this determining crisis in the long 1,500 years of Western civilization?

We cannot claim superior morals or spiritual insight. We do not have exclusive possession of these qualities. Yet our store is adequate if we rightly understand their functions.

What we do have are political institutions erected on a deep and solid spiritual foundation. That foundation is our conviction of the worth of the individual soul. We believe conventionally and instinctively that the state exists for men. Men do not exist for the state. These convictions have been handed down through you to us during 2,000 years of history. Their validity is now being challenged. The issue hangs in the balance. We must think together and act together if we are to apply this moral and spiritual content of our heritage to curing the confusion to which our material contribution has made the world susceptible.

This may seem a ponderous introduction to our topic, but in all truth I can find no easier way to tell you why I am glad to be here tonight.

Your secretary kindly suggested as the subject of this talk, America and the Far East, with the thought that it is sufficiently general to permit a range of choices in treatment. The area selected may be defined as American public opinion and the Chinese problem.

Let me say, first of all, that I never use the word "America" as a synonym for the United States without feeling a twinge of conscience. All of Latin America is America. Particularly is Canada America. But even our Canadian friends on occasion resign themselves to this improper designation of my country. Our official name is too clumsy. Besides that, the ties of race, history, and business with the Dominion are so close that in most connections no injustice is done.

I am supposing that our British friends find the American political scene to be a perplexing one. From time to time observers from your shores comment on the waves of opinion which sweep over us, on our proneness to engage in crusades, and on our irresponsibility. Of course, your comment is not all critical by any means. When you can find something to admire you find it comprehensible. It is the things which make living with us difficult that are incomprehensible to you.

Let me say at once that we are almost incomprehensible to ourselves when we try to analyze our own characteristics. What we do comes naturally and unself-consciously. When we are questioned by others we cannot always find the right explanations, but it is worth while to be questioned.

What, for example, explains the waves of opinion that sweep over us from time to time? This is tied into our proneness to go on crusades. It is true that some issues tend to present themselves to us emotionally so that we feel strongly about matters to which we may not have given enough thought. After VE-Day peace seemed to us to be a wonderful thing. War or the thought of war, after such a victory as had been won, was an unimaginable evil. Only a few were cynical enough to foresee the coming conflict with our former allies. "Get the boys home" was the insistent demand, and get them home we did.

However it may have been with you, with us I am sure it was moral indignation which supported the decision at Casablanca to inflict total defeat on Germany.

For a still earlier example of a popular crusade, we can refer to the Spanish-American War. The natural sympathy of our citizens for the Cuban rebels was fanned by journalistic experts into a frenzy of indignation. We won an easy victory in a largely bungled war. Its results were not totally evil. It gave us an experience in colonialism which enabled us to join the company of those nations which have prepared in some measure their subject peoples for freedom, and have then yielded it to them.

Earlier yet was the moral issue of secession of the Southern States and the conviction so simply and eloquently set forth by Abraham Lincoln that the people of our Nation had been entrusted with a sacred mission in the world, to preserve in peace and freedom government "of the people, by the people, and for the people."

My own grandfather volunteered in the Northern Army and fought at Gettysburg. As a boy he told me that he didn't volunteer to "free the slaves"; he fought to save the Union. Hundreds of thousands of others risked their lives for the same end. Materialistic historians may analyze our civil war as being fundamentally a contest between a southern agricultural economy and northern industry. But those volunteers knew what they were fighting for. They sought to preserve freedom in unity. For those whose blood was willingly shed the issue was not economic, it was moral.

Let us go back further yet. We find Edmund Burke in your Parliament supporting the Colonies on what were essentially moral grounds. Our Founding Fathers in the Declaration of Independence and in the specific provisions of our Constitution proclaimed the worth of the individual human soul. That belief came down to them from your own forefathers. It is now the fundamental division between the Soviet and free world. Our common heritage bids us stand together in the present day.

Such are the noble beginnings of American tendencies which are today perhaps less clear, less easily justified. They have

always been determinants of our best actions. They were recognized by that remarkable analyst and prophet, Alexis de Tocqueville, who published his studies of American life in 1840. Without taking the time to quote him verbatim, let it be said that he recognized the strong religious spirit in American life, understood the terms on which heterogeneous democracy and absolute religious beliefs coexisted and reacted and defined the terms of successful cooperation.

Incidentally, this remarkable man a full century before the event, foresaw the conflict of our day. He said: "The Russian centers all the authority of society in a single arm. The principal instrument of the Anglo-American is freedom; of the Russian, servitude." And again, speaking of Russia and America, he says: "Their starting points are different; their courses are not the same; yet each of them seems to be marked out by the will of heaven to sway the destines of half the globe."

So much for the impulses which move us. Let us now consider where public opinion is lodged in America.

There are, first, certain basic beliefs from which we may wander on occasion but toward which we feel a constant pull. These include the common beliefs already mentioned—belief in the worth of the individual, and in service to the state to the citizen. This latter is of course balanced by the balancing service of the citizen to the state whenever and however that is needed to preserve the service of the state to the citizen.

These are the basic beliefs—the deeps over which pass the waves raised by the winds of passing events. These basic beliefs we must nourish and hold if we are to remain strong.

Above these depths come next the beliefs of groups, which play an important part in affecting public policy. I will give three examples of groups of opinions selected for their relevance to Far Eastern policy. They are: the do-gooders, the isolationists and the China lobby. Each of these groups has a hard core. From this core it reaches out to gain adherents, influence opinion, and affect policy. The effects vary. These ideas go up and down, down and up, at one time powerful and effective, at other times in eclipse. Our Nation's wealth moves the do-gooders to urge a policy of general benevolence toward all the peoples of the earth. They are constantly pressing for ever larger appropriations to support this or that really worthy cause. Their expansive benevolence obviously has had to be limited by budgetary considerations. However, there have been other restraints of a less direct character. We have come to realize that our national abilities lie so strongly in the field of production that it is better for us to be of what help we can in assisting other peoples to improve their productive practices, rather than to expend our own resources in direct aid.

In this connection I often think of our American Quakers, and your British also, who are unsurpassed in their generosity. Yet they are discerning in making their gifts and, more characteristically still, seldom give so lavishly as to injure the sources from which their wealth is derived. Only a major crisis justifies an individual or a nation in making drafts on the future for the sake of a present demand. That stern decision your nation has had to make. It is one which is not entered into lightly.

You are all surely aware of the powerful group in America which goes under the name of isolationist. The moral exuberance of the do-gooder has been repressed, but that repression, carried beyond reasonable limits, results in the conviction that our duty lies in serving only the direct and narrow interests of America. In the extreme the isolationist tends to the belief that our entrance into two world wars was a terrible mistake. He sees no advantage accruing to us from participation in the recovery of world production and world trade. He believes not merely that we have wasted money in these ways but we have become the unrespected dupes of the people whom we have tried to help.

National interest is the watchword of the isolationists, and a not unworthy watchword it is. The danger comes when we interpret it narrowly and thoughtlessly. Unrestrained their policies would lead to a world under Communist domination wherein finally only Canada and the United States would remain as a besieged fortress of freedom, constrained from trade, travel, or communication with the rest of the world except on terms set by a power stronger than ourselves. National interest, narrowly conceived, is self-defeating. Isolationism dies hard. Its doctrines are still stoutly supported. Yet I venture to predict that its influence is waning and that wiser counsels are in the ascendancy.

The China lobby is the third of these opinion groups to which I will refer. Let it be said at once that China lobby, as a designation, is scarcely fair. A lobby in our parlance is an organized group seeking to direct legislation to serve private ends and as such may serve as useful a function as the attorney for the defense in courts of law. While there may be private ends to be served, the strength of the China lobby lies in the inner convictions of its members rather than in the pressure of special interests.

These convictions go back to a series of events. In the first place, there is in America a traditional interest in China, arising at first from trade, then strengthened by missionary undertakings and finally sealed by the educational contacts with Chinese students in both countries. Except for the narrow band of exclusionist sentiment on the Pacific coast, we have always liked the Chinese and have been interested in them.

Our imagination was captured by the superhuman effort by which the students and faculties of the Chinese colleges preserved their institutions from the invading Japanese armies. Chiang Kai-shek, as the leader of a heroic people, gained our admiration.

Unfortunately, a breach opened between the Congress and the administration. The Congress came early to the conclusion that Mao was primarily a Communist and only by expediency an agrarian reformer. It has been a strong conviction of successive Congresses that assistance voted to Chiang never was made effectively available to him. This was a sore spot in the relations between a strong group in the Congress and the Truman administration. It was evident both in the State Department and in the Pentagon. It is not necessary for our purposes to go into the details.

During the later years of this period, I endeavored to persuade the administration to a limited and controlled assistance which might or might not have been acceptable to Chiang. It did not interest the administration and no action was taken. "After the dust had settled," to use Secretary Acheson's phrase, Chiang was found to be within the sanctuary of Formosa, while the mainland was firmly in Communist hands, under the leadership of victorious Mao.

There has been another influence which rankles in the breast of many Americans when we let our minds dwell on the Chinese problem. With the support of many of the governments represented in the United Nations, the United States took the lead in resisting aggression when the North Koreans attempted to conquer the South of that divided country. This was a major war by any standards which were applied before our world conflicts. Through defeat and victory, with further success hanging in the balance, the United Nations' armies drove the Communists back beyond the mythical line of the 38th parallel and the limited objective of resisting aggression was achieved. It never seemed to us that this objective was enough. It was purely negative. It settled nothing. The same old problems continued in an aggravated form, and the solution of other Asiatic conflicts was made harder, not easier.

When in the summer of 1951 the Communist armies made a last desperate attempt to break through our lines, the opportunity of a greater achievement was open. It was General Van Fleet's testimony that after that attack was beaten back, the Communist armies were in disorderly retreat with their ammunition exhausted and their heavy equipment abandoned. A determined counterattack might well have carried our line to the narrow waist of the peninsula. Instead Van Fleet was held in leash. In our eyes the American forces suffered a defeat. Defeat is a new experience to us and one which we have been unable to assimilate. When you are perplexed about our point of view as to the problem of China, this is a matter which must be taken into account.

The arguments which supported this limited policy are well known. The principal one was that the Soviet Government might throw its enormous manpower into the contest as it had already thrown its planes and surface armament. This was a chance which would have had to be taken. The chance could have been minimized by diplomatic action, and subsequent events have not added strength to the fear of a broader involvement.

When the planned-for stalemate had been achieved, when the chance for victory had been thrown away, there was nothing left to do but to liquidate a negative enterprise. This, Mr. Eisenhower promised to consider, and this President Eisenhower successfully accomplished.

Let me say that I cannot review this episode in modern history without bitter thoughts. I can only hope that too much bitterness has not escaped into my words.

So far we have considered three currents of public opinion which relate to United States foreign policy in the Far East. The three are general benevolence, isolationism, and support for Nationalist China. The next matter to consider is the means by which such opinions affect national policy, if indeed they do affect it.

In the first place, let it be said that the effects are not necessarily, or even often, the result of having a policy adopted as party policy and supported by party discipline. The Republicans and Democrats both adopt party platforms at national conventions and nominally seek election on the basis of those platforms. Seldom indeed are the differences between them great enough to raise issues on which a national election can be decided. It is true that there are undefinable differences between the parties; there are significant historical backgrounds to each, but the differences between the parties are not as great as between northern urban Democrats and those from the South, or between isolationist Republicans and those whose outlook on national interest is international. The impact of opinion on policy is seldom directly through the machinery of party.

On the other hand, the successful presidential candidate of a party has powerful means of promoting or obstructing the translation of opinion into policy. For example, the sentiment for general benevolence found perhaps rather stronger support under Roosevelt than under either Truman or Eisenhower. With the two latter, better conceived plans have been the rule, such as the Marshall plan and technical assistance. Note that this does not rule out simple human help for pressing human needs, such as support for the Children's

Emergency Fund of the United Nations or gifts of wheat under Asian and European famine conditions. But pure benevolence is ruled out as the foundation of foreign assistance.

The strong but not overwhelming popular support for isolation has had no support from any President or his administration. Consequently, it has had little effect on policy except as it has slowed up or minimized foreign undertakings which nevertheless were authorized, appropriated for, and put into effect. The President is the key rather than the party; yet the two are not completely independent.

We have yet to examine the major determinant of American policy with regard to Red and Nationalist China. That determinant is our well-nigh universal hostility to communism. America has passed a moral judgment on that institution and found it to be evil. On this point we are loath to compromise. On this one point we gladly plead guilty to Nehru's complaint that with us an issue is black or white; there are no neutral grays. Finally, on this point it seems clear that public opinion is controlling the State Department, and not vice versa.

I need not tell you than one section of this anticommunism was dangerous, not so much to communism as to its enemies. I need not tell you how it introduced into American life alien practices akin to those of both Soviet and Hitlerian origin. We seem at the moment to have escaped these evils while our anticommunism remains strong in both fear and hatred.

Our fear is that, unchecked, communism may roll over country after country, in Asia, in Africa, in Latin America, and eventually in Europe.

Our hatred is not against the people whom it has brought under its power. Our hatred does not go even to the Russian people themselves, as it went, for instance, to the German people during World War II. Our hatred is leveled at active evil. Soviet philosophy and the practice of that philosophy denies the worth of the human soul and degrades man to the level of spiritless material to be molded and used to serve a soul-less state.

The experience of your returned prisoners and ours turned a bright light into the recesses of Communist evil. Ordinary, independent self-respecting citizens, by a skilled technique in brain-washing, were deprived of their moral judgment. They became bewildered in making distinctions between right and wrong. A high ranking American general acknowledged that had the psychological conditioning proceeded a little longer, there would have been no escape for him save by suicide.

When we consider that, while these were individual men, it is the purpose and practice of communism similarly to mold the minds and souls of whole populations, whole nations, whole generations into will-less tools of the state, then we become sure that we are facing more than men—we are facing evil itself.

And so the criticisms of European friends, the criticisms of Nehru are justified in form. We do see these things in black and white. We feel it proper to compromise on matters of economics, social practices, and most political institutions—on everything except evil itself.

This is an absolutist position and suppose that there are moral absolutes. May I refer you to a great English champion of the moral absolutes. Lord Acton said:

"Opinions alter, manners change, creeds rise and fall, but the moral law is written on the tablets of eternity.

"The principles of true politics are those of morality enlarged; and I neither now do, nor ever will admit of any other.

"That which we must obey, that to which we are bound to reduce all civil authorities, and to sacrifice every earthly interest, is that immutable law which is perfect and eternal as God Himself, which proceeds from His nature, and reigns over heaven and earth and over all the nations.

"For we must be at war with evil, but at peace with men, and it is better to suffer than to commit injustice."

Let me give you the authentic definition of the moral law. Its elements were defined through the centuries by the poets and prophets of a race with a genius for spiritual insight and spiritual growth. Their record is to be found in the Old Testament of our Bible.

In the New Testament Jesus clearly defined the moral law in answer to the lawyer's query as to which is the great commandment. Jesus said unto him "Thou shalt love the Lord, thy God, with all thy heart and with all thy soul and with all thy mind. This is the first and great commandment. And the second is like unto it. Thou shalt love thy neighbor as thyself."

To this I like to add a derivative principle set forth in Saint Paul's address to the men of Athens, when he told them that God "hath made of one blood all nations of men for to dwell on all the face of the earth."

Bear in mind that Lord Acton believed that the moral law is valid, natural law. It determines success or failure in human undertakings concerned with men as physical law does in dealing with matter and energy. We cannot break the moral law but we may break ourselves against it.

I have mentioned Mr. Lionel Curtis. Let me add his wise and perceptive formulation of the moral law in terms of personal and political responsibility. He has expressed it as an infinite duty of men to God and an infinite duty of men to one another.

Our way does not lie in conquest. My thesis is that it lies in contact and communication, so that the moral law may perform its perfect work.

We have now come down to the consideration of our policy as it relates to the problem of China. How do these principles apply?

1. Our heritage of Judeo-Christian ethics requires that we make no compromise with essential Communist theory and practice.

2. With available resources and with available wisdom we must actively assist those peoples threatened with Communist conquest. Help is needed, not imposed programs.

3. We should be clear in our minds as to the iniquity of curtains. While rights of citizenship or residence are matters of policy, the prohibition of personal contact and communication are insults to man and are in defiance of the laws of God.

4. Governments which erect curtains ask admission to the family of nations on the basis of falsehood. Experience with governments who have erected curtains but are nominally within the family plainly illustrates the fact that membership has been a means of attack from within with no intent of cooperation.

5. The terms of admission for Communist China into the United Nations must be stated and always left open. They include her return to the same freedom of travel and intercommunication as existed a generation ago and as now exists between the free nations of the world. They include the other requirements of a free people in a free world. Should these requirements endanger the existence of communism, that is an evidence of the weakness of that institution.

6. For China, for the Soviet peoples, for all the Communist-dominated world, the hand of friendship and cooperation must always be held out on the basis of free, human relationships.

These are particular applications of the moral law to a current situation. Mr. Curtis would truly say, I believe, that we have years, centuries, even millenia to bring our hearts and minds to the task of recognizing our infinite duty in these matters. Realizing this, I yet cannot free myself from the conviction that we face an immediate crisis, that our civilization may be weighed and found wanting, and that the forwarding of the kingdom of God may be left for a civilization which succeeds ours.

Our crisis is centered on the overhanging threat of a war which will end our opportunity and our stewardship. It is my belief that the test is coming in the willingness of our world to accept universal, complete and controlled disarmament, and to set up the international institutions for its administration.

We cannot treat this great project as a secondary matter to which we give fleeting attention when we are not beset with day by day problems. It is the great undertaking. It is the grand project. It is the one thing on which unwavering, persisting attention must be focused.

With regard to this, I would like to express my conviction that the Soviet Government can be so morally encircled, so morally penetrated, and the cause of disarmament presented to them so intelligently, that the necessary thoroughgoing action eventually will appear to their rulers as being in their own long-range self interest.

The heads of the four great powers are soon to meet. There is pessimism as to any practical results from that meeting. If they attempt in detail to relieve the tensions of the tangled web of influences in which the world is caught, their task will be difficult indeed. If, on the other hand, they raise the question as to whether each of them is ready to consider complete universal controlled disarmament, then their attention can be focused on the vital center of tension and the central hope of release.

There is not time to go into the details of these hopes and possibilities. Their solution solves, or renders more easy of solution all the other problems with which the world is troubled. In this great undertaking your country and mine can see together eye to eye, and work together hand in hand.

Commencement Exercises at Washington and Jefferson and Waynesburg Colleges, Pennsylvania

EXTENSION OF REMARKS

OF

HON. EDWARD MARTIN

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Thursday, June 16, 1955

Mr. MARTIN of Pennsylvania. Mr. President, during the weekend I had the honor and pleasure of attending the commencement exercises of two historic colleges in southwestern Pennsylvania, Washington and Jefferson College, located at Washington, Pa., and Waynesburg College, located at Waynesburg, Pa.

Washington and Jefferson College, under the leadership of Dr. Boyd C. Patterson, and Waynesburg College, under the leadership of Dr. Paul R. Stewart, are functioning magnificently in upholding the ideals of America.

The problem of sustaining our small colleges each year is an important one in the United States. I therefore ask unanimous consent to have printed in the CONGRESSIONAL RECORD an editorial entitled "Graduation Time Here for Colleges," published in the Washington

Observer, of Washington, Pa., and also an address which I delivered on June 11, 1955, at the Waynesburg College alumni dinner.

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

[From the Washington (Pa.) Observer]

GRADUATION TIME HERE FOR COLLEGES

It is commencement season for the colleges of Greene and Washington Counties.

These are Waynesburg, Washington and Jefferson, and California State Teachers College.

Both liberal arts institutions will graduate classes this weekend, Washington and Jefferson on Saturday and Waynesburg the next day.

All three schools, particularly the liberal arts schools, have long records of outstanding service. Washington and Jefferson will graduate its 156th class, and Waynesburg will confer degrees on its 104th class.

Their long history is a record of service—to community and Nation, to their long rolls of alumni and those whose lives are influenced by those alumni.

W. & J. has a notable record of preparing large numbers of men for entry into medical and theological schools, and her alumni include a very large number of successful ministers and physicians, as well as scientists, teachers, and businessmen.

Waynesburg College has a record which over the years has virtually equaled that of W. & J. in sending men into the ministry and into medicine. Though her alumni rolls are not as large the record of success is little different, percentagewise.

It is doubtful whether many schools in the country have sent as large a percentage of their alumni into public service as ministers and physicians as have these two.

California, founded as a teachers' school, has, of course, sent the larger number of her alumni into the teaching field, where they have achieved much.

The alumni of these schools, at this commencement time, may find much satisfaction in the past record of public service.

But that satisfaction will live only as long as that record is continued. There can be little pride in the present work of an institution which has ceased to live up to its past glories.

The meaning is that today's alumni, trustees, and faculty must express that pride in something more than words. It must be expressed in continued service, with continuation of the high ideals which have characterized the work of these schools through the many decades of their history.

And that means that faculties must be made up of individuals with high ideals—ideals of civic, moral, and spiritual service. They must be able to give instruction of the highest order.

Faculties of this type, backed by trustees and administrative officers with the same high hopes and ideals for the schools, will continue to send men and women into the world ready to play an outstanding part in the business of improving the character of the world's people, as well as advancing the world's technological processes.

Our colleges in this area have an outstanding record—we wish a continuance of that record. Commencement season is a time for alumni, faculty, and administrative personnel to renew the ideals which will continue it.

ADDRESS BY HON. EDWARD MARTIN, OF PENNSYLVANIA, AT WAYNESBURG COLLEGE ALUMNI DINNER, SATURDAY, JUNE 11, 1955

This evening I would like to bring to your attention one of the great dangers confronting the colleges of America that depend upon voluntary sources for their support.

On numerous occasions—in public speeches and elsewhere—I have discussed the importance of keeping the educational system of the United States free from government control.

I have emphasized the great contribution of the private colleges to the development and maintenance of the American way of life.

I have tried to impress upon my fellow citizens that the independence of our educational system has a direct bearing on the future of the United States as a land of freedom and opportunity.

Unless our institutions of higher learning are sustained on a financial basis—adequate to meet their growing needs—the alternative will be government support—and government control.

That would be disastrous to the historic pattern of college administration—which has been so successful in the past.

If our schools and colleges ever come to depend upon government for their support—academic freedom would be destroyed by bureaucratic dictatorship.

Let us review the situation as reported by eminent educational authorities.

A recent survey of the Nation's 900 private colleges and universities revealed that just about half of them are operating in the red.

About 200 are facing serious trouble unless they obtain immediate and substantial financial help.

In recent years the expenses that educational institutions have to meet have doubled and even tripled.

The cost of everything has gone up—without a corresponding increase in income.

In order to maintain their educational standards, the colleges need more buildings, more laboratories, more classrooms, more libraries, and expanded administration facilities.

It has been estimated that at least $30 million is needed right now to overcome the operating deficits of the colleges that are in financial trouble.

About $6 billion is required to bring plant facilities up to present-day requirements.

It should be a matter of deep concern to each of us that the independent liberal arts colleges have been hit hardest of all by financial difficulties.

It is a tragic situation that many of them—after long years of honorable and distinguished service—now find themselves facing a struggle for survival.

What is being done to keep them from being submerged by their financial difficulties?

For one thing—tuition fees have been increased.

But educators realize that many thousands of qualified young men and young women are being deprived of a college education because their families are unable to meet the increased costs.

It is true that business and industrial concerns have interested themselves in the growing needs of education and have made substantial contributions.

Other generous gifts have come from foundations established by public spirited citizens and families who have accumulated wealth under the American system of free enterprise.

But much more is needed to keep our private colleges independent and uncontrolled in their cultural—spiritual—and academic policies.

There is no doubt in my mind that every one of us will give this problem serious thought.

We of the alumni of Waynesburg can help erect a barrier against intervention by government in higher education.

We can help preserve for the future generations the advantages we have enjoyed under the historic American system which has given strength and stability to our way of life.

Monopolies and Antitrust Laws

EXTENSION OF REMARKS

OF

HON. B. CARROLL REECE

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 16, 1955

Mr. REECE of Tennessee. Mr. Speaker, the Attorney General's National Committee To Study the Antitrust Laws submitted its report to the Congress on March 31. This Committee, appointed by the Attorney General, was charged with "a thoughtful and comprehensive study of our antitrust laws." The committees of the Congress are presently studying its report and are making their own review of these important statutes. In a sense, they are continuing the work of the Temporary National Economic Committee which was created pursuant to Public Resolution 113 of the 75th Congress.

Mr. Speaker, the distinguished junior Senator from Wyoming, Senator O'MAHONEY, and I are the only members of that Committee who are presently Members of the Congress. From my long association with this problem, I wish to make one observation—we cannot hope to clarify complex economic problems by name calling, character assassination and attacks on successful enterprises merely because they are big and successful.

Mr. Speaker, the study of monopoly is a complex problem which requires unemotional, analytical reasoning of the highest order. The Attorney General's Committee included distinguished lawyers, economists, Government officials, and other specialists. Only a few members among the 60 who constituted the Committee were critical of the final report. One of these was Prof. Walter Adams, of Michigan State College.

In order to appraise the dissents of Professor Adams it is appropriate to review some testimony before the Joint Committee on the Economic Report.

On Tuesday, February 1, 1955, that committee met to discuss the subject of monopoly and antitrust policies with particular reference to the report of the Council of Economic Advisers.

The witnesses included Walter Adams, associate professor of economics at Michigan State College, and Mr. T. K. Quinn, president of the T. K. Quinn Co. of New York.

Professor Adams is apparently a great admirer of Mr. Quinn's. One of Mr. Quinn's books, entitled "Giant Business: Threat to Democracy—the Autobiography of an Insider," was published by the Exposition Press in 1953. The jacket of the book includes this endorsement by Professor Adams:

This book on the curse of bigness stands in the tradition of Jefferson, Woodrow Wilson, and Brandeis. It is written by a man who discusses problems which are an integral part of his rich industrial experience. His warning is timely and ominous: excessive concentration and the growth of industrial oligarchies add up to a one-way ticket down the last mile on the road to socialism or fascism. If we are to avoid totalitarianism in the political arena, the progress of private

collectivism in the economy will have to be checked. * * * I hope this book will get the careful attention not only of Congressmen, academicians, and lawyers, but of ordinary citizens and businessmen (big and little) as well.

Representative PATMAN, the vice chairman of the committee, at the conclusion of Mr. Quinn's testimony, said:

I have certainly appreciated and enjoyed all of the statements that have been made, but there is one outstanding statement, to my mind, having worked with the Small Business Committee now for about 15 years, since it was organized, and having given a great deal of time and attention to small and independent business, I think Mr. Quinn made one of the finest, the most intelligent, and one of the most forthright statements I have ever heard (hearings, p. 530).

In view of this statement by the distinguished vice chairman of the joint committee, I felt it was important for me to learn more about Mr. Quinn through a detailed study of his writings. He has been on all sides of every issue, and his own writings are so contradictory that, in my opinion, his testimony cannot be given any more credence in the field of economics than Matusow's in the field of security. He has apparently so completely misled the vice chairman of the joint committee that I feel it incumbent upon me to place excerpts from his writings in the record. They reveal the character of this man.

Mr. Quinn was a vice president of the General Electric Co. and resigned from that organization in 1936 to become the president of Maxon, Inc., a national advertising agency. In 1943 he was the author of the book entitled "Liberty, Employment, and No More Wars." This book was printed 7 years after Mr. Quinn's departure from the General Electric Co. As will be shown in the material which follows, the book contains nothing but praise for big business, and there is no indication that he left General Electric because he was burdened with any conflict of conscience in serving the interests of that company and maintaining his own ideals.

In 1948 he was the author of another book entitled "I Quit Monster Business." This book contained the following introduction by the author:

I quit monster business because it is undemocratic, because it is inhuman and not socially responsible, because most of it is big only for the sake of bigness or for purposes of concentrated power and control, because it is inefficient and corruptive, because it is causing a dependent society where only masses count, genuine individual freedom languishes and opportunity and expression are restricted, because it glorifies leaders whose interest is too much in themselves, and because through its essentially collectivistic forms and methods and mockery of free enterprise, it is leading our country just as surely as the sun sets to a brand of totalitarianism, which is a perversion as far from individualism, civil liberties, and the democratic process as Russian communism.

In 1953 he released another book entitled "Giant Business: Threat to Democracy—the Autobiography of an Insider." This book amplifies the theme of his second publication: I Quit Monster Business.

This book for the first time reveals the basis for his present animosity toward big business. Immediately following the war, Mr. Quinn formed the Monitor Corporation to merchandise and distribute a diversified line of household appliances. The firms from whom he expected to purchase these appliances were unable to obtain sufficient steel, and it was necessary for the Monitor Corp. to be completely reorganized as a result of the failure of its suppliers to deliver appliances to it. I find that it was only after this occurred that Mr. Quinn remembered that he left General Electric 8 years before because of the reasons set forth in: I Quit Monster Business.

In Giant Business: Threat to Democracy Mr. Quinn said:

The recent history of the General Motors Corp. shows an interesting curve of steadily increasing sales: in 1945 sales totaled $1,900,000,000; in 1947, $3,815,000,000; in 1948, $4,701,000,000; in 1949, $5,700,000,000; in 1950, $7,531,000,000. As an associate of small manufacturers, I wonder where and how General Motors was able to get the enormous quantity of steel necessary for this production in a period of alleged shortage, when the little fellows were not able to get it. How ridiculous, how dishonest it is to say that all the people of the country have equal opportunities. What is meant is that equal opportunities are open to those who have the power to force themselves into advantageous positions and obtain preferment.

The thousands of tons of steel gobbled up by General Motors might have kept alive many fine smaller companies which were forced to the wall. The situation was so bad that General Motors itself, shamefacedly conscious of its advantage, joined the Government in demanding more production from the steel companies, though it continued to hog what steel there was.

Automobile manufacturers are not the only ones who have suffered. Before the war General Motors had very little stove, or range, business. Now, because of their inability to get steel during the shortage, a number of the small prewar manufacturers of these commodities are no longer with us. Electromaster of Detroit felt obliged to sell out to Philco; Globe-American, of Indiana, sold out to Maytag; Glenwood, of Massachusetts, discontinued; Crown Stove, of Illinois, has barely hung on; Robertson, of Tennessee, went broke. Monitor, of New York, had to go through financial reorganization. There were other victims. But Frigidaire—hardly a descriptive name for a cookstove—produced in sufficient quantities to become one of the leaders in volume of sales. General Motors' financial power was more than enough to get steel for unprecedented automobile production—it could also get steel for stoves. Other industries were similarly affected (p. 227).

In checking the facts, I find that General Motors, in 1941, produced 1,827,978 passenger cars, or 48 percent of the total number sold in the United States. The comparable figures for the early postwar years are as follows:

General Motors Sales Data

Year	Number of units sold	Share of passenger car market
		Percent
1946	817,215	38
1947	1,442,749	40
1948	1,563,295	40
1949	2,202,204	43
1950	3,046,593	46

It is apparent that the output of General Motors passenger cars did not reach the 1941 level until 1949, and its share of the market was less in all of the early postwar years than it was in 1941.

Mr. Quinn, when he wrote Liberty, Employment, and No More Wars in 1943, hoped that our large corporations would diversify after the war and provide jobs for our returning soldiers. He said:

Our large corporations have no intention whatever of deliberately shrinking their volume after the war. This is, in fact, one of our major hopes for continued employment. Beyond the pressing, weighty problems of immediate war production the chief concern of the large industrial organizations is how to replace guns, tanks, ships, planes, and munitions and materials for war with peacetime goods. What can the aircraft manufacturers, for example, profitably produce when the current demand for upward of 100,000 warplanes a year ceases? And what of the manufacturers of guns and tanks, etc., to the extent of billions of dollars in value when the war is over? We must not assume for a moment that they are not thinking and making plans to prevent liquidation (p. 130).

Because some were successful and his Monitor Corp. was not, the system is at fault.

Mr. Quinn's generalizations, I find, are too often influenced by his own personal experiences. While he served in the General Electric Co. he was responsible for their refrigerator business. He was confronted with competition from Frigidaire, the General Motors refrigerator. In Giant Business: Threat to Democracy Mr. Quinn said:

And General Electric proved to be a high-cost, inefficient manufacturer. The company was never an efficient manufacturer of anything to my best knowledge, except lamps or articles produced by outside companies which we purchased. Our position always depended upon capital advantage. During every month, for example, of the 10-year period in which I was interested in General Electric refrigerators, our factory cost was higher than the Kelvinator and Frigidaire selling prices to their distributors (p. 79).

This accounts for the generalized broad recommendations in his book Liberty, Employment, and No More Wars shown below:

In passing I must point a finger of moral and social disapproval at those large corporations which, having established themselves in some one industrial field, take advantage of their financial position to move into other unrelated lines, where they contribute nothing and often cut prices ruinously. The wanton, adroit method is to go after the cream or "easy picking" in the other field. Thus the position gained in one industrial line enables a large competitor to become a destructive raider in another. In this unfair practice they are encouraged and abetted by our well-intentioned, out-of-date antitrust laws (p. 87).

The automobile industry, where 3 companies have 87 percent of the business, was vindicated as to efficiency and competition. I find no reference to the bad practice of using capital to go into unrelated lines of business (p. 111).

What manner of man is Mr. Quinn? Mr. Quinn takes pleasure in supporting unconventional positions.

For example, chapter I of Giant Business: Threat to Democracy is entitled "I Decide To Be a Genius." The first line of the second paragraph of the book

reads: "I decided to be a genius when I was 8 years old." In discussing his family background in Giant Business he said:

But most suspicious of all, he (my father) bore too many scars of bitter battles. He had taken me, a week or two before, to Lake Michigan to teach me to swim. When he got into his bathing trunks, I saw for the first time the marks of a knife gash at his right elbow, another longer one across his chest, and bullet scars on his left leg. The employers of those days had not yet been taught the humanitarianism which they now boast. My father's scars left an indelible impression on me. But there must be something wrong with a fellow who has to fight like that. Years later I came to know how the struggle with then-imperialistic England had made fighters of the Irish. I was congratulating a typical corncob Irishman in Dublin on the final victory of the Irish, their independence, and peace at last. "Yes," he said a little sadly; then his expression changed and his eyes brightened, "but ain't it a shame what they're doin' to them poor Hindoos?" He felt disconnected and was looking for a fuse (p. 19).

The willingness to fight was a family trait, which explains why it was that although Dad came from the Catholic part of Ireland, he was not a Catholic. According to the story, undoubtedly colored somewhat in favor of the Quinns, our great-great-grandfather was once walking down a country road in Limerick after a hard day's work, when he passed a priest on horseback. It was the custom of those times for the peasantry to doff their hats to the respected members of the clergy. But old Pat Quinn was just too tired—too tired, that is, to take off his hat—not too tired to fight. The priest made the mistake of hitting Pat with the butt end of his whip by way of punishment. A day later the priest wandered back to town in a dazed and torn condition. Further details are a family secret, but none of us has been Catholic since. Upon such slender threads of accident does destiny depend. It just occurs to me that the willingness to fight may also help to explain this book (p. 20).

In Liberty, Employment, and No More Wars, he said:

Over 2 million babies are born annually in this country. Within 15 years about 750,000 of them will be dead, crippled, tubercular, mentally deficient, delinquent, or problem children. They never should have been born at all. While birth control is no longer a crusading movement, it is far from universally accepted. In 1890 my own grandfather, Dr. Theodore R. Kinget, was jailed in New York City by the persecution of Anthony Comstock's prudery for encouraging and publically advocating birth control. As late as 1942 the Catholic Church itself wrote an unfortunate chapter in Boston on this issue (p. 33).

He is very pleased with himself, as indicated by the following taken from Giant Business: Threat to Democracy.

To establish myself as a remarkable fellow and get that question settled quickly, I refer, modestly of course, to a few half-remembered childhood incidents (p. 21).

Upon my arrival at the office of the manager of sales, Mr. J. Robert Crouse, I was assigned as a stenographer to an assistant sales manager who was a company favorite, having married the daughter of an officer of the company. He was one of the most handsome, amiable, charming, and harmless of men. His dictation was rambling, lengthy, and often pointless. He had some ability but was not interested. We soon developed a working agreement under which he would tell me what he wanted to say and I would write it. From this point it was but a short step to my also doing whatever thinking was required. The whole business was a kind of nuisance to him anyway; he had already arrived. There was plenty of time left over to do the filing, and it was in connection with this work that I became familiar with the business (p. 54).

When I moved to New York and became a, if not the, top-ranking G. E. vice president, I became involved in all sorts of distasteful affairs. I was busier than anyone ought to be if he is to have any time left for reflection and for a personal life (p. 154).

True to a sketch labeling me a "philosophical promoter," which appeared in Fortune magazine after I left Washington, I proceeded to refuse several "safe" positions that were offered to me and chose instead a new and unexplored venture in the distribution of electrical appliances. Somehow I am reminded at this point of a penetrating question asked by my alert and charming daughter, Jean, when she was 6 years old. She had been taken to see a picturization of the life of Jesus. In the lobby of the theater there were huge and colorful reproductions of Jesus being stoned by the mob, carrying the cross and finally crucified. "Daddy," she inquired with alarming innocence, "how did Jesus ever get into so much trouble?"

The fellow who was asked, "Who gave you the black eye?" is alleged to have replied, "Nobody gave it to me, I had to fight for it."

Strangely, the black eyes I acquired came from no fault in this venture or its operation but rather from conditions quite beyond control, which I have resolved never to condone (pp. 189–190).

The following quotations are indicative of the general approach of Mr. Quinn toward serious public issues:

The animal man, who rose from the caves of antiquity, has been misbehaving badly. He still lives by instincts that he doesn't understand. Motives he only partially controls drive him to eat, to self-defense, to reproduce himself. Like any other animal he exhibits himself for deep, sexual reasons, has offspring and dies. But in his thought for tomorrow and in his spiritual search for beauty and truth, he is unlike the beasts. His existence never seems quite real. He is caught on a merry-go-round of business and social activity—and the fun is gone. He is opposed to war, but we have war. War is often mistakenly regarded as another unaccountable, natural phenomenon, like the growth of a little seed into a big watermelon; the birth of a baby or an elephant; the flight of a bird. Liberty, Employment, and No More Wars, p. 31.)

Briefly examining the reasons for our predicament, we must go back a few million years. Mankind, our scientists agree, is a species of animal evolved in a manner still unexplained from extinct wild creatures.

Man's physical structure closely resembles that of all other mammals. Each of us goes through an evolutionary process, from a cell smaller in size than a pinhead, passing through the period of birth and ending with death. We retain through life muscles to wag a tail or move the ears. We never got over being animals. For millions of years, in fact, for more than 90 percent of the time man has been on earth he lived as a savage hunter. Slowly and tediously through the centuries he gradually learned from his experience and environment.

Civilization is not inborn. Had we been born in Africa a thousand years age we would talk and act as the Africans did then. We should have believed as they did. Actually, we have little personal responsibility for our ideas or notions. We had nothing to do with them. They are imposed upon us by the time and the environment in which we live. (Liberty, Employment, and No More Wars, pp. 40–41.)

In reviewing Mr. Quinn's previous background, I find that he was Director of the War Production Drive in the War Production Board from the middle of 1943 until the end of 1944. During this period he apparently organized the T. K. Quinn Co. as industrial consultants and proceeded to publish, as a private venture, material which he had assembled in his capacity in the WPB. Former Congressman Jerry Voorhees, of California, excoriated Mr. Quinn on the floor of the House for the improprieties of his conduct while serving the Government—see CONGRESSIONAL RECORD, volume 91, part 1, pages 822–825 and volume 91, part 10, page A1262. He said:

The war-production drive was established in March 1942 by Donald M. Nelson, then Chairman of the War Production Board. Its first Director was Michael W. Straus, now Assistant Secretary of the Department of the Interior, who was borrowed from the Interior Department by the War Production Board in March 1942 to organize the drive and the labor-management committee function. After 8 or 9 months, when the drive was well organized, Mr. Straus returned to the Interior Department and was succeeded as Director by Mr. William Marshall, a vice president of the Westinghouse Electric Co. Mr. Quinn did not come on the scene until the middle of 1943, when Mr. Marshall found it necessary to devote his full time to his work in Pittsburgh.

Prior to the time that Mr. Quinn had any connection with the war-production drive, the war-production-drive headquarters had worked out a full program of committee aids and services and of procedures for establishing and operating the committees. Although all this material and information is available from the War Production Board to whomever asks for it, nevertheless, this program and these procedures are now being sold privately in a manual being offered by the T. K. Quinn Co.

I cite this record simply to show that, prior to the connection of Mr. Quinn with the war-production drive, its program was fully developed and operating. It is that program and the techniques developed mainly by his predecessors, and wholly by Government employees, through the expenditure of Government funds, that Mr. Quinn now appears to be attempting to exploit privately.

Shortly after Mr. Quinn received his appointment as Director General of the war-production drive the Quinn Co. soon developed a keen interest in the business of serving labor-management committees and charging for their services. Various members of the staff of the war-production drive were approached to join the staff of the Quinn Co., and at least one of them did. Records that could be of value to the Quinn Co. were apparently scanned and copied. (CONGRESSIONAL RECORD, vol. 91, part 1, p. 823.)

This manual was not printed by the Government, but was printed privately and is now being offered at $5 per copy to the public under the title "The Original Labor-Management Committee Manual," by the T. K. Quinn Co.

The other interesting item is that, in his letter soliciting all of the Government-sponsored committees and dated December 15, Mr. Quinn, on the stationery of his private firm, announced his coming retirement from the War Production Board on January 1, 1945, and announced that the War Production Drive Section of the War Production Board would soon terminate its activities and would be disbanded with victory in Europe. This announcement made by Mr. Quinn on his private stationery in a letter in which he re-

ferred to himself as a public official had at that time not been made by the War Production Board. (CONGRESSIONAL RECORD, vol. 91, part 1, p. 824.)

The material which follows compares statements made during his appearance before the Joint Committee last February with statements from his own writings:

In the meantime, the antitrust laws should be strengthened in every possible way, and all other means taken to restore genuine and full freedom of opportunity and enterprise (hearings, p. 519).

In 1943, when Mr. Quinn wrote Liberty, Employment, and No More Wars, he believed that the antitrust laws were outmoded and that they were preventing the efficient and proper operation of our economy.

It was not a steady continuation of the same old unrestricted competition. As early as 1890 it became evident that vicious competition could only result in wrecking all industry. Cooperative agreements began to appear and to control prices, production, and management. Cooperation became, in fact, the new badge of sanity. As one of the results was to raise prices at the expense of the consumer, the Government took a hand. The Sherman antitrust law was passed and the practices which were partly wise and inevitable and partly destructive were all made illegal.

For the past 40 years and more, we have lived in a period of industrial confusion. Industry was not legally permitted to be as efficient as it might have been and unquestionably we have not made the progress as a nation of which we are capable. We have an interesting illustration in a comparison with Germany. With little more than half our population and only a small percent of our resources and opportunities, Germany has forged rapidly ahead, except of course for the interruption of the World Wars, which she has fought almost single handed against all the Allies. In this current war Germany has demonstrated a remarkable capacity for industrial cooperation, self-sacrifice, hard work, meeting conditions and getting results which is the envy of the world. No—it is not all a simple matter of political manipulation by the fanatical Hitler. He and his gangsters could not have accomplished the results they have without the basic conditions which made them possible.

Let us inquire for a moment into the causes which retarded our natural industrial development. They did not stop it. We are the world's leading industrial Nation today, with fabulous resources, and we enjoy the highest standard of living, but we have had to push against brakes constantly applied by Government and by the hangover of outmoded notions and actual mistakes and abuses.

In large part the opposition comes from those who object to huge corporations and Big Business. There is a long list of reasons and causes and it is not easy to discover all of the truth or to know how to use it when it is found. (Liberty, Employment, and No More Wars, pp. 10–11.)

Consider the economic experience and facts. We have a large number of industries in which an appreciable percentage of the total business is done by 1 to 4 or 5 individual corporations. In any mass-production industry, a single company with from 2 to 10 times the volume of any of its competitors, has a low, basic cost and, in the case of consumer goods, a public recognition and good will, which no small producer can possibly match. Under these circumstances, trade understandings and cooperation in some form are the only way, under the sun, of keeping the smaller competitors alive. Is it possible that our politicians and lawmakers are so economically uninformed that they do not know this? Mass production, where machines are used to a considerable extent, lowers cost amazingly.

The old theory of unrestricted competition was that it lowered prices to a point just far enough above the cost of production to assure a small margin of profit. Actually, as we have learned over and over and over again from experience, unrestricted competition forces prices down to a level which is less than the actual cost of production. The explanation is simply in the increasingly high proportion of fixed costs such as buildings, machinery and tools, depreciation and interest on investment. It is cheaper to run the modern, mass-production, average factory at a loss of from 10 percent to 20 percent of sales volume, than not to run the factory at all. For even when the factory is idle such costs as depreciation, interest, and taxes continue. Therefore, in any competitive fight the lowest economic price level is from 10 percent to 20 percent under cost. This means that the company with the greatest resources, that is, the largest, best-financed company, which can outlast the others, is bound to win at the end of any competitive war. It also means that in a price war competitors would fight on, gradually exhausting capital until the bitter end.

Is this the kind of competition which our well-intentioned Department of Justice is currently trying to restore? There are cases pending now which will result, if the Department prevails, in breaking up price and volume understandings and restoring unrestricted competition. When it comes, the little fellow will either be wiped out entirely or join with others to form larger single units. Thus the prosecutions only accelerate the trend toward larger and still larger corporations. Warfare always favors the strong and powerful.

This is the heyday of mass production and big business. Big business prospers because it attains lower, relative total costs. The secret of the lower cost is primarily in the volume of business handled with the same or less proportionate overhead charges in production and sales and also in the savings inherent in machine production and the division of labor. One of the greatest social assets we have as a Nation is these large low-cost, efficient production units. They need improvement, greater social conscience, and must learn to cooperate with others for the common good; but they should not be destroyed or their constructive, capital structures weakened. (Liberty, Employment and No More Wars, pp. 81–83.)

Competition is war. The gangster is a warrior. He goes to the individual laundry shop which has not yet been taken into a chain like the grocery store, the drugstore, the shoe store, liquor store, variety, 5 and 10, etc., "pay me," he says to the owner, "$50 a month and I'll see that no new laundries come into this district." (Good economics, if one is enough.) "Your prices can be raised to the level of our standard without fear of losing business, because we do not permit it and if you don't succeed here, or lose your lease, we'll find you another noncompetitive spot." He promises these conditions and makes good on his promise. One or more competitors could easily lower prices and fight, with the blessing of our antitrust laws, until all were bankrupt. Bankruptcies in our society are ordinary, legitimate affairs like clam bakes. Society does not realize that eventually it pays for all these failures. (Liberty, Employment and No More Wars, p. 90.)

Economic concentration and restraints of trade are obstacles to the growth of small business, as the Committee believes. But competition is the greatest obstacle. Under competitive conditions the large and strong survive and so, of course, the emphasis and effort is put upon becoming large and strong. If the competition which so many of our politicians and theorists think they want, were actually effective today, the result would be to put many more small concerns out of business. Does anyone suppose that in a competitive dog fight small steel companies could outlast U. S. Steel and Bethlehem? If General Motors, Ford, and Chrysler went out to gobble up the remaining 13 percent of the automobile industry, which they do not now have, who could stop them in a price war? Similarly, General Electric and Westinghouse are the strongest in the electrical field, Du Pont in chemicals, Standard Oil in oil, etc., etc. Only to the extent that industrial companies get together and reach livable understandings do any small companies find it possible to exist at all.

At the only NRA session which I ever attended we were treated to an exhibition by a group of small incandescent lamp manufacturers whose complaint was that General Electric and Westinghouse prices were too low. (The quality is certainly equal or better as Government reports show.) Our Department of Justice is now prosecuting the manufacturers under the antitrust laws, which the Temporary National Economic Committee wants more rigidly enforced. Every intelligent manufacturer knows perfectly well that if the price harmony among them is broken up and a commercial war ensues, every one may be wiped out except General Electric and Westinghouse; only the large companies will be selling above cost. That is the way competition works. Examples could be multiplied indefinitely. (Liberty, Employment and No More Wars, pp. 113–114.)

A new era of teamwork is upon us. It is absurd to treat every effort at cooperation as a restraint to trade. Many of them are helpful and constructive. To discourage them is to interrupt and impede industrial production and prosperity. Our so-called antitrust laws do not stop anyone from following the price leadership of a competitor, simply as the exercise of his individual judgment. There is nothing to prevent price discussions among competitors so long as there are no actual agreements. These laws have had the effect in many cases of preventing cost reductions and disrupting employment. Of course, this was not intended, but the bad effect followed from the effort to preserve the old competition in a cooperative age. The antitrust laws have also been used to help the proper development of certain industries, to prevent cruel and wasteful competition, and to prevent enterprises, big and small, from cooperating. Intended originally, only to protect the consumers, they have been used for these other purposes purely by judicial interpretation.

All competition is not good competition, nor is all cooperation or even monopoly bad cooperation or bad monopoly. Such free enterprise as we may continue to hope for may best be promoted by friendly supervision. It is a grave mistake for the Government to be hostile and punitive, and to prevent economic, voluntary cooperation. We are now over 60 years behind Germany in capitalizing on the power of cooperative endeavor. (Liberty, Employment, and No More Wars, pp. 190–191.)

Germany started its organization along cooperative lines, introduced social legislation comparable to that of our New Deal in the United States 60 years later, and absorbed militant socialism. It is a little difficult for us to realize now that Germany had old-age insurance, sickness insurance, and even unemployment insurance so long ago. The fear of old age, sickness, and unemployment, like the sword of Damocles, hung over the heads of the masses of people engaged in industry in certain other countries and undoubtedly made them a little less loyal than

the Germans have been to their more paternal government.

Instead of fighting and contending against the corporate organization of industries, the German Government encouraged it. There was no hangover of individualism or economic freedom in opposition. Consolidation, combination, and even trusts followed but they were all under effective government supervision and control. Thus, in Germany, the individualistic age of laissez faire and everybody for himself gave way to a form of cooperative organization where everybody was required to work but was also guaranteed the right to live.

What died in the recent surrender of France was the era of extreme individualism there, just as other eras have passed before. This is most significant in the synopsis of events leading up to our situation today. (Liberty, Employment, and No More Wars, p. 220.)

Mr. Quinn testified before the committee that:

Our national policy should be directed toward the active encouragement of new ventures, of the genuinely independent, and most efficient medium-sized firms, and the discouragement of the multiple-line giants grown huge through acquisition and absorptions that should, for them, be made illegal. They should be forced, wherever possible and practicable, to decentralize physically and financially (hearings, p. 519).

In Liberty, Employment, and No More Wars, Mr. Quinn said:

Most all of this is the result of the working out of natural economic law and all the manmade laws in the world won't change it. Why not accept Ford, General Motors, United States Steel, General Electric Du Pont, A T. & T., etc., as the national economic assets they are. Of course, these types of concerns got 80 percent of the war orders. Who in the world should the orders be given to? Let us fear for performance on the other 20 percent, not on the 80 (pp. 115–116).

There are, of course, many ways to proceed and dozens of plans can and probably will be conceived, but they are all hopeless of accomplishment as long as we continue to believe that the resurrection of old-style competition offers any real hope.

If we really believe it possible or desirable to break the Du Pont Co., for instance, into 10 or 20 small companies, or General Motors, or Westinghouse, or United States Steel, etc., regardless of manufacturing costs and efficiencies and get better results, we have missed the whole point of our new cooperative era of mass production and mass distribution, with more goods for more people at less cost. Imagine trying to live and compete with a postwar Germany, or postwar England, organized as Germany is now and as England surely will be, on a huge collective basis, getting the lowest costs through large industry and big business and the highest possible division of labor. Small business has its proper place where there are no cost savings in mass production or mass distribution, or where such savings are negligible. Purely financial business combinations, forced in many instances by our antitrust laws, may be efficiently decentralized when and if our Government permits cooperative agreements, subject to regulation in the public interest. Those who loudly advocate the cause of small business simply because of the larger number of votes involved, are not helpful. The best argument for small business, that is, decentralized business, is that owners, managers, and workers can know each other, be human, and make social adjustments around their daily work which will give it meaning and purpose (pp. 118–119).

I agree with Senator O'MAHONEY's conclusion that we have mistakenly treated large industrial corporations as though they were clothed with natural human rights instead of having only the rights which the people, acting through their Government, see fit to bestow upon them. Individuals and local governments can no longer cope with the big national corporations. True, too, is the Senator's suggestion that the business of these huge private industrial corporations can no longer be considered private. The man has been losing out to organizations of men. (Certainly this is a cooperative age.) Do you think it can be taken by the neck and forced back by artificial law into the individualistic age? Corporate concentration has proceeded only in relatively small part because there was no national incorporation law. In much larger part it has proceeded in conformity with natural economic law around machines, the steam engine, and electrical power (pp. 121–122).

Mr. Quinn is fond of comparing businesses with various-sized animals. In Giant Business the author's note contained the following:

The grand proposition that a thing is not evil simply because it is big is being advanced by self-serving interests as though they were dealing with harmless static business giants when, in fact, "there ain't no such animal." No one assumes that comfortable position when a big tiger or leopard escapes from a zoo and goes on a free-enterprising spree. Without benefit of a public-relations department or paid advertising, they are known to be attractive, dangerous, predatory animals, safe enough perhaps among their own kind, but death itself in a community dedicated to the preservation and progress of the little fellow and to his freedom and opportunity.

Contrast this statement with what he said in 1943:

The confusion between big and little business and free private enterprise is a little beyond me. I gather that the report (Temporary National Economic Committee) favors freedom for all business from arbitrary control by either private organization or public organization. We are to make the economy democratic. This appears to mean enforcing antitrust laws and hampering big business but favoring and encouraging little business in every feasible way. I also am very sympathetic toward little children, little dogs, little business—in fact, anything little. But the effort to make little successful in comparison with big in modern times is pure humbug. How much better to let big business get just as big as it economically can as long as it behaves itself and is not built on purely financial advantage, and police and control it when it runs afoul of the public interest. Individuals are thus treated. Society is strengthened by supporting and helping the strong and efficient members, like Senator O'MAHONEY, for example. It does not fatally hamper or try to destroy him so long as he obeys the good law and observes the public interest. So it should be with respect to corporations, big and little, without standing in the way of natural economic evolution. (Pp. 123–124, Liberty, Employment, and No More Wars.)

Today's vision of America's industrial future is clouded and confused by the fact of huge and still growing corporations, on the one hand, and our sentimental and ideological heritage of preference for smaller units on the other. Actually, there is nothing substantial in the present practice or the projected future to encourage the notion that the century trend will be reversed in the postwar period. The war has developed a number of new giants, and giants continue to be the rule. A number of well-meaning politicians are indeed urging the restoration of small business and perhaps getting some uninformed votes thereby. They mistakenly propose greater competition for that purpose, despite the plain and proven fact that the old-style competition has failed as a constructive force in this new day. If it is further encouraged, then the trend toward larger units will be further accelerated as it has during the past 50 years. (Liberty, Employment, and No More Wars, pp. 129–130.)

Instead of looking vaguely to the restoration of past conditions for a solution of modern problems, we would do much better to face the facts and deal with realities. And the reality is a new age of cooperation with huge corporations and millions of employees and the public, all dependent upon each other. These corporations have become, in effect, great social units with new responsibilities to the public. They cannot engage in commercial wars to kill each other. The public could not stand that cost. Questions of how to make the most of them constructively, in the general interest as well as in the interest of their owners, operators, and employees, should receive our attention. Only the foolhardy would seek to destroy or hamper them unnecessarily. Essentially, they are servants, not masters, and that is, among the most forward looking of them, their own conception and outlook. (Liberty, Employment, and No More Wars, pp. 131–132.)

Mr. Quinn, in his presentation to the committee, recommended progressive taxes on corporations. He said:

Corporate taxes should be graded gradually upward as are personal income taxes so that as little as 10 percent would be assessed against profits of $10,000 and as high as 75 percent when profits reach a billion dollars a year (hearings, p. 519).

In Liberty, Employment, and No More Wars, Mr. Quinn took exactly the opposite position. In fact, he said that taxes should not discriminate against bigness, as shown in the quotations which follow:

Collectively, all business is our business. It belongs to America and Americans. We all profit by it. Why do you suppose our living standards are the highest in the world? If you think that big business is owned by too few people and ownership should be more equitably distributed, I agree and point to the tax laws which are accomplishing that result in the good American evolutionary way. I refer now to income and inheritance taxes, not to any extra burdensome taxes which discriminate unfairly against our large industrial and commercial companies merely because they are doing a good job. That's like trying to build a better country by destroying or weakening the best things in it. It's the best men and women, the most able, hardest working and public spirited corporations upon whose shoulders our strength and prosperity depends. They lay golden eggs. What possible sense is there in damaging them? They are parts of all of us and we of them (pp. 119–120).

Let us highly favor the equitable distribution of wealth and preserve all the virtues of democracy in this country, including economic freedom, a meaningful life for every citizen of our Republic, but let us oppose unfair taxes, persecution, and unwarranted Government restrictions that tend to destroy uselessly our great, economic industrial and commercial organizations. Moreover, let us oppose the vain, costly, artificial attempts to preserve inefficiency, incompetence, and pitifully small business in this new collective era. More construction, less destruction, should be the rule (p. 116).

Mr. Quinn, in his presentation before the joint committee in February, made a new suggestion: namely, that—

Any remaining corporations with $250 million or more in gross assets, or more than 10 percent of the business in any major line, should be declared to be inevitably affected with a public interest. For each of these, at least, one new director should be appointed by the President of the United States, subject to Senate confirmation, and be in no way under any private influence. These directors, representing the public, would together constitute a national board of public directors where all of the policies and practices of the individual giants would be aired. The directors would be required through an effective central organization to widely publicize all irregular practices, coercion, undue advantages taken, illegal, and unjust actions or contracts, bring to bear the full weight of public opinion in the public interest, and continually recommend remedial legislation to the Congress (hearings, p. 519).

I was amazed to find that, while Mr. Quinn is now apparently concerned with the encroachment of big business on our democratic political institutions, in Liberty, Employment, and No More Wars he proposed the creation of an economic senate to be appointed by big business which would, among other things, operate our social security system. He said:

While we build mental windmills of outmoded competition and vainly enact laws and spend time and money thoughtlessly to prevent our economy from evolving naturally, we neglect conditions which could occupy us to much better advantage. Shall our economy meantime gradually drift along with its inseparable social aspects and attendants into more and more political control? Must we continue to depend upon political, bureaucratic policemen for the regulation which can only be intelligently and constructively managed by economic operation?

Industry and commerce—and perhaps later the farm groups (all those who constructively may provide employment) should organize, just as soon as possible, not as a resolutions or debating society for members to hear each other's speeches, and take no organized cooperative action, but to prepare to meet together the economic problems of the future which cannot possibly be met in any other way, except by governmental control and more political regimentation. Labor need not be initially included, except to the extent that labor is itself an employer and therefore responsible for providing jobs. The National Association of Manufacturers and the United States Chamber of Commerce must present a common, unified front. In the presence of the threatening political bureaucracy, their differences are childish. From this start they could well elect an economic Senate, generally coordinating all of the Nation's activity in production and trade. Farm employers might later be represented (pp. 132–133).

We need have little fear over the effectiveness of such an economic organization. The public will judge accurately whether it is impartial and unselfish and public opinion in this country is the music to which all of our performers must dance.

The economic Senate could be supported by executive committees chosen from different industries. This would amount to an industrial, business government with the minimum necessary centralization, quite beyond anything heretofore realized or projected. It would not need nor would it have mandatory power of any kind outside its membership but would be based entirely upon mutual interest and teamwork. The officers of the economic Senate would be chosen by representatives of the various industries associated together as supporting groups. These representatives, in turn, would be elected by the member companies in each industry. Questions of general policy should, of course, be decided by majority vote of all members but questions of fact and those requiring special technical or professional knowledge must be decided by appointed specialists responsible to the governing Senate and through it indirectly to the whole membership and the public (pp. 133–134).

It is precisely at this point that industry through its economic senate must act if it is to fulfill its social mission. If industry fails to act collectively in some manner, as it has failed heretofore, then we may surely anticipate that Government will eventually act. Unfortunately, governmental action in this field is usually mistaken because politicians are not economists or businessmen. Government, being commercially inexperienced, is inclined to try stunts with such disastrous results as those involved in the gold tinkering fiasco. So in addition to the insurance against totalitarian political rulership, which a separate industrial social organization would provide, we need its professional and technical knowledge and qualifications.

Questions of general public policy that are not involved in professional qualifications and depend wholly on personal preference, dictated by no economic law, may be decided by majority vote and left to the governmental field. Here with superior but essentially negative power the Government would outline the area and framework of our lives. The constructive or positive, economic government, through its senate without mandatory power could be more permanent and largely self-perpetuating, consisting of men best qualified by training and experience for the general direction of the various productive and social activities of the country.

The political government, exercising inhibitory, and where absolutely necessary, regulatory power only, would continue, of course, to be elected as it is now at frequent intervals by the majority vote of all our citizens, having general supervisory power, the final decision on national policies and the absolute veto but preferably less administrative or executive power.

This is a form of dual government—a positive, constructive one and a negative, inhibitory one, toward which we should gradually tend. It would, in many respects, be like the very efficient, successful government of the old Roman Republic which lasted so many centuries. The Roman Senate was in those days the constructive power, representing the various national interests, and the people's tribunes represented the negative authority, with absolute veto power, and were therefore superior to all other officers. The tribunes were elected by all the people but they had no administrative power. This government finally failed because the Roman Empire spread over such a vast area that the tribunes ceased to represent all the people, having no adequate means of communication or transportation. For 300 years this form of government kept the civilized world in peace.

Thus our objective should be private ownership and operation, subject to necessary governmental restraint, and a liberal, capitalistic society in a democracy with a large prosperous middle class with every family able to provide for its reasonable, cultural needs.

Under such a balanced government, industry and commerce would be self-operating and largely self-disciplining and self-controlled. It would assume general responsibility for the constructive part of living and take hold of such old, recurring problems as booms and depressions (pp. 178–180).

It is interesting to compare Mr. Quinn's proposal for an economic Senate with this paragraph from his testimony before the joint committee:

Essentially, the difference now between our system and Russia's is that we still have political freedom and a degree of economic freedom, at least at the consumer retail level, whereas the Russians are completely subject to a single, concentrated, nonrepresentative authority—the Kremlin. Politically, we have representative authority concentrated in Washington and in the 48 States of the Union. Economically, we have about 250 major centers of private, nonrepresentative authority. These are the huge corporations that are gradually assuming political as well as economic roles. They were never contemplated by our Founding Fathers, nor is there any provision for their commanding positions in our basic law. Nevertheless, they are more intimately related to our daily lives than the political authorities. For they largely determine, directly or indirectly, where and how we work, for whom, how much we are paid, our housing, the goods we consume, travel, entertainment, etc. Unless this picture is grasped one cannot hope to understand our society (hearings, p. 519).

While Mr. Quinn now suggests adding public directors to the boards of corporations, he did not believe that political management would be helpful when he included the following in Liberty, Employment, and No More Wars:

Similarly, in the case of the Securities and Exchange Act, the Commissioners have gone quite beyond the original intent of publicizing financial facts and preventing fraudulent representations and bad practices. They consider that they are required to control management by changing and opposing the plans of those placed in charge by the stockholders, directors, and managers and to reform the financial structure of corporations. The effect is to disturb security and confidence by making success or failure depend upon politically appointed commissioners rather than upon business managers. Here we have another illustration of good intentions by hard-working but inexperienced public officials who are trying conscientiously to make their interpretation of private enterprise serve the common good by tackling an overwhelming task that is too much for them (p. 194).

In, I Quit Monster Business, Mr. Quinn indicted big business "because it is causing a dependent society where only masses count, genuine individual freedom languishes, and opportunity and expression are restricted." (Foreword by the author.) This point of view was expressed again in Giant Business when he said:

The method of handling mass-production workers in huge corporations and treating them as mere impersonal labor, rather than as human beings, practically precludes their advancement to executive positions of any kind (p. 45).

There are tens of thousands of promising young men in monster-big corporations who never get a chance and whose talents are lost to society because of the complex nature, standardized routines and oversize of these organizations (p. 49).

Whatever laurels American industry can claim for its management in material technology, it has certainly failed in its human relations with its employees, as the existence of large and strong labor unions now so conclusively proves. The gains of labor and human welfare have had to be made by force or the threat of it, and against the

strong opposition, particularly of giant, impersonal corporations. Labor unions, once established, can hardly be expected to differentiate, in pressing their cause, between large and small corporations (p. 50).

Mr. Quinn's own rapid rise in the General Electric Co. belies these statements. He completely refutes them by his own writings. In, Liberty, Employment and No More Wars, he said:

And now a word about personal opportunity. Enterprise is not necessarily stifled within big business; the contrary is true. Any man of genuine ability has a better chance in a big business than a small one; he's needed more. Many mistakes are made. Incompetents and misfits are everywhere, usually because they are mere personal favorites, but that fact isn't the final answer (p. 120).

Our large corporations have worked out better than Government, practical ways and means of getting men to work together in a common cause. Indeed, they have done such a good job of it that human adjustments, an equilibrium of desires and loyalties beyond anything attained by Government have been achieved by private industry (p. 83).

It may seem superficially that the day of industrial and commercial corporate activity for deliberate social purposes as well as for profits and dividends is far distant. But upon analysis it will be seen that we have already come much closer to this end than we think. Most of business, particularly big business, was being conducted very largely in the public interest before the war. In wartime, strangely enough, corporate activity with but a few unfortunate exceptions is exemplary. Products are of good quality and must be reliable; investors are practically guaranteed certain minimum dividends on war contracts; the necessary war materials are being made to the best advantage in measured quantities at conveniently located places by qualified, well-paid people. And what is of the greatest social significance, every worker everywhere knows what he is doing, his work is appreciated, and he has the almost inestimable inner satisfaction of being an active partner in a worthy cause, a conscious part of a great purpose, the success of which is also dependent upon him (pp. 141–142).

Contrast these statements with his testimony before the joint committee:

The giant collectives certainly do not encourage private initiative or price competition. Neither do they curb monopolistic tendencies nor promote greater opportunity. On the contrary, concentrated economic power imitates the dictators, crushes individualism, makes mere numbers out of people, and threatens our democratic institutions (hearings, p. 518).

Mr. Quinn professes great concern at the fate of the individual in the large corporation. Yet, I wonder how real this concern is in view of this statement from Liberty, Employment and No More Wars:

Populations, not individuals, make history, and the character of population depends upon climate, soil and food supply. The most cursory review of the people of the world, their conduct and progress, should be convincing. All power is in the current of human thought and ambition. The history of the world is the history of industry, arts, and commerce. Wars and revolutions, conquests and defeat, are merely the outward appearances, the signs or marks of the true history of the human race (pp. 60–61).

Mr. Quinn deprecates industrial research by large corporations. In fact, in Giant Business: Threat to Democracy, he said:

I know of no original product invention, not even electric shavers or heating pads, made by any of the giant laboratories or corporations, with the possible exception of the household garbage grinder, developed not by the research laboratory but by the engineering department of General Electric. But the basic idea of this machine came from a smaller concern producing commercial grinders. It was hardly an original invention (p. 117).

Yet, in this same volume he said:

I need not dwell upon the remarkable material achievements of the free-market capitalistic system. Every popular publication in the land extols them to the skies in the zealous promotion of the products of our machines. And they are all quite real. Production has increased to astronomic proportions and the welfare of our people has made remarkable gains. The real wages of the masses, measured in terms of what workhours will buy, have more than quadrupled in the past century (p. 288).

And in Liberty, Employment, and No More Wars he said:

As for the kind of work that discovers new opportunities and new industries, it is best done today by great research laboratories by big business. The chances of a small operator or an individual creating something to start a great, new industry are increasingly remote in our highly organized, complex society. But if it is felt that the lone individual is handicapped by being obliged to take his invention or creation to a big company (and this is often the fact; the real inventors are seldom adequately rewarded), then let him take it to a department of an economic senate. We don't have to change the whole economic system. Self-regulating, intelligent business will find its way if only it is not artificially and unnecessarily restricted by foolish laws and bureaucratic rules made and upheld to preserve outworn competitions (p. 120).

Mr. Quinn in Giant Business: Threat to Democracy, implies that contracts by big business are only obtained through favoritism. He said:

Like so many other small businesses, the little agency has to break the crust of its competitive situation with some concession, bestowal of favor, or brilliancy before it can get into the big leagues and belong. J. Walter Thompson, the biggest of the agencies, through a connection which I never understood, invariably had the accounts of the J. P. Morgan-financed companies (p. 164).

Yet, in the same book he refutes this statement with the following advice offered to those who hope to secure the patronage of big business:

If you have basic raw materials for sale, you had better go direct to the general purchasing agent, to whom you may ultimately be referred by any branch if the amount involved is large. If you can get a letter of commendation, recommendation, or introduction from an officer of the company, it may be helpful, providing there is nothing in it which indicates that the purchasing agent is asked to give you more than a hearing; they are often quite jealous of their prerogatives (p. 206).

Mr. Quinn, in Giant Business, casts a serious reflection on our defense program and indirectly on the Congress of the United States. He said:

It is the American public who will be called upon to protect the farflung properties of the giant corporations. We are building a $100 billion war machine. What a miracle it will be if we can avoid future wars with this combination of conditions. Much as we detest the imperialism of Joe Stalin, we can at least say that it is not our making. Our own force and power, which should give us no less profound concern, is of our making. How shall we answer for it to our Maker when it breaks loose upon the world?

This means another runaround in a power-mad world. We seem to have learned nothing from the old, dead democracies or from the imperialisms of the past, which have always led to devastating war (p. 292).

In Liberty, Employment, and No More Wars he took a different position. He said:

I have a friend who edits a little weekly paper. He had gone completely loco on the subject of the division of wealth. He hated Morgans, Mellons, Rockefellers, Du Ponts, and most all the rich—and he was blind to everything else. This war was just another capitalistic scheme to make money, so far as he was concerned. History, the rights of man, our democracy, American liberties, and all the cherished freedom which it took thousands of years to win, all meant little to him. He saw only a capitalistic class struggle, and there were thousands like him. The British in particular were said to be the arch conspirators with wholly selfish purposes (pp. 34–35).

The Congress, in deciding to oppose godless communism, has not appropriated billions of dollars to defend the farflung properties of the giant corporations. We all know that our force and power will only be used to protect our liberties.

Mr. Quinn, in Liberty, Employment, and No More Wars, proposed trying Members of Congress, whom he branded as isolationists, as war criminals. He said:

To find Members of our Senate still talking and acting as though they propose to revert to their old selfish, blind isolationism (sometimes misleadingly called noninterventionalism) and face the prospect of still another war is almost despairing. One wonders what possible explanation they have in mind to make to the loved ones and mothers of sons who will never come back from this war. Could there be any crime greater than the one which these politicians under the cloak of Americanism appear ready to repeat? Is it not time while we are thinking in terms of prosecuting the leaders in Germany, Italy, and Japan for their brutality, to plan proceedings against Members of our own Congress for their blind, selfish, stupidity? (p. 203).

In Giant Business, Mr. Quinn endorses a proposal to require large corporations to secure Federal charters. He said:

Those which remain too big must be taken in hand and forced to operate under Federal charters (p. 312).

Yet in Liberty, Employment, and No More Wars, Mr. Quinn attacked this proposal, which had been included in the Report of the Temporary National Economic Committee. Mr. Quinn said:

Senator O'MAHONEY, chairman of the committe, was strongly in favor of reviving free enterprise, free from interference by corpo-

rate monopoly as well as Government officials. But what an idle dream that is in this new era of great organization and collective enterprise. Federal incorporation of national corporations, as a remedy, has as much chance against the revolutionary economic trends of the past 50 years and more, as a lone soldier had against the German hordes (pp. 107–108).

In I Quit Monster Business, Mr. Quinn included inefficiency in his indictment of the evils of big business. In Labor, Employment, and No More Wars, he said:

So far as I can find in the voluminous reports, it occurred to no one that there must be some basic reason of efficiency why large concerns could continue to grow, earn greater profits, and require no Government help. Comparisons were made of production costs only. Actually, the greater advantages of large companies will be found in the selling costs, and selling costs are equal to or greater than production costs in most of our consumer goods lines. Also, the American public will wisely pay more for branded, quality goods and for the assurance that goes with reliable manufacturers.

The investigators could have turned on the radio or read the advertisements in magazines and newspapers in which millions of dollars are invested every year. All of them testify to the immense advantage of product and company recognition nationally, which in the case of a new and small company is practically unattainable today. Mass production and mass distribution are a part of our new economic world. We cannot go back to small business and little operations in this new day (pp. 110–111).

The basic fact is that taken as a whole, big business is most efficient. It can employ better people, or at least pay more and therefore have a better chance of getting them. Even in certain lines where big business has no great production cost advantages, or none at all, it almost always has reputation, prestige, and sales cost advantages. It is more difficult and expensive to sell unknown brands, and when a company or a brand becomes well and favorably known it doesn't remain small. These are facts, not theory. I know it from experience. Small producers know it, so do large producers. When they reach harmonious price understandings by intelligent realization or agreement, within or without the law, allowances are frequently made and invariably requested which recognize that the small producer cannot get as much money for his product, regardless of quality. The presumption is against him. People just will buy the known, reliable thing when they can afford it. You do it, so do I. We do not always know or have the time or ability to inquire, so we put our trust in names and reputations. Think for a moment of watches and admit that you buy a name; of shoes, hats, automobiles, refrigerators, radios, cigarettes, toothpaste, building material, etc., etc., etc. The field includes just about everything, even milk and dairy products, under new and widely advertised names. These are consumer goods. In the case of durable goods, we have a similar situation. Reliability and dependence upon reputation and performance make any gamble on the product of a little or unknown fellow unthinkable (pp. 114–115).

Increasing efficiency by a broad or narrow definition is at least one element in progress. We must recognize what the scientific method has proved, that large industry is efficient, and not try, for purely political reasons, to restore an era that has passed by destroying today's assets (p. 103).

The following colloquy between Congressman KELLEY and Mr. Quinn, taken from the hearings of the joint committee, is of interest:

Representative KELLEY. Mr. Chairman, I would like to direct a question to Mr. Quinn. These monopolistic practices you set forth here, do they or do they not militate against the intent and the purposes of the Congress as set forth in the Full Employment Act; namely, that the objective should be the maximum employment, maximum production, and maximum purchasing power?

Do you think those practices militate against the carrying out of the purposes and intent?

Mr. QUINN. Yes, I do (hearings, p. 536).

Yet, in Liberty, Employment, and No More Wars, Mr. Quinn said:

Arthur T. Hadley contends, in his Economics: An Account of the Relations Between Private Property and Public Welfare, that the increase in the size of industrial and commercial units has actually increased the ratio of wage payments to interest and dividends. In proportion to wages, profits were larger in the days of small factories and, of course, very much less was paid in taxes. The 1941 prewar taxes of many of our large corporations were equal to or greater than the total amounts paid out in interest and dividends to stockholders. This ability to pay higher taxes, higher salaries and wages, and sometimes also higher dividends is due to greater efficiency and larger sales volume. And the increased volume is largely the result of lower prices. This need of lower prices to increase sales is an automatic incentive which largely replaces the need for the old-time destructive price competition between producers and sellers of the same kinds of products. Today the larger competition is not so much between the manufacturers of automobiles, of refrigerators or radios, of furniture, of houses, as it is between these various types of products for the consumer's dollar (pp. 92–93).

Mr. Quinn completed his testimony with this statement:

One of the most dangerous of these rationalizations, expressed at the hearing, regards the trend toward giant private concentrates as natural and therefore inevitable. It follows, unconsciously perhaps, the manner and logic of Karl Marx's dialetic reasoning. What he predicted would undoubtedly have come true and capitalism would indeed have failed, except for the changes, improvements, and innovations we have wisely adopted. The doctrine of inevitability is fatalistic and fallacious. Why all of our efforts, our world building, our defense program, our hopes and aspirations if there is an unavoidable which is going to happen anyway? Every single act, every move we make denies its validity. "You can't do nuthin about it," is a complete and cowardly surrender (hearings, p. 521).

Yet, in Labor Employment, and No More Wars, Mr. Quinn once again took exactly the opposite point of view. He said:

Corporate concentration by itself is generally efficient in our modern world and under necessary regulation, in the public interest, may be highly beneficial as we have seen, particularly if it recognizes increasing social responsibilities. I am quite aware of the contrary contention that concentrated, corporate capitalism is not necessarily natural and that the tendency to this opinion is based upon a false premise that has led away from the liberal toward the authoritarian conception of society. It is true that our progress heretofore has been in almost direct proportion to our freedom from bondage and authority. But this refers primarily to political progress and avoids the basic distinction of whether the authority is one we help to establish by election or approval or whether it is forced upon us without reason, justication, or moral right. They are generalizations. One factory in a single locality could make all the electric refrigerators this country needs, do it at less cost, and be socially efficient providing its employees, owners, and managers had a relationship to the work, and standing and associations in their daily lives which gave meaning and purpose to their existence and enterprise (p. 149).

Mr. Quinn then would have apparently carried concentration to the point of one producer for the entire country.

In 1943 he also said:

Monopoly was seen to be an evil and as an antidote the antitrust laws were passed to enshrine the old competitive order and fix it on the future, regardless of growth, progress or evolution. Then natural law proceeded to make cynical jokes of our man-made antitrust laws. Within the past 40 years there has been a veritable slaughter of small-independent-business men. Corporations and combinations of them have grown by leaps and bounds, until the independent is the exception and the huge organization is the rule. Officially we have not yet recognized the immutability of the natural law. Instead, we continue to fight it, superficially and hopelessly, of course; but the fight is kept up at tremendous and useless, legal expense. I hasten to say that it is not all wasted. Some combinations and artificial price boosting agreements and practices are clearly antisocial, as mere forms of commercial larceny. But the overall trend toward big business within limits which have not yet been set, and a constantly higher and further division of labor means lower factory costs and is inevitable in the progress of civilization. The fact that we have badly handled the accompanying social developments does not change, one whit, the inevitable trend (pp. 85–86).

When we speak of the United States, its resources, abilities, and accomplishments, then Ford, General Electric, General Motors, American Telephone & Telegraph, United States Steel, du Pont, etc., are sources of American pride and strength as much as our great battleships, the George Washington and Golden Gate Bridges, the Smithsonian Institution, or the Merrit Parkway. They are a part of this great country. Where would we be in this war without them?

Our Sherman Antitrust Act and the Clayton law were belated attempts to enforce the old competition. Both Federal laws were based upon the assumption that competition was still the beneficent force that it was in the early days of industrial development. Their authors saw competition vanishing before cooperation and consolidation and attempted by legal enactment to resurrect and revitalize it. They sought to break up trusts and combinations by law, as if legal enactments could change natural, economic laws. By prosecution and persecution industries may, indeed, be destroyed, the whole Nation may be plunged into disaster, but the old rugged individualism and unrestricted competition cannot be restored in this new age (pp. 83–84).

Mr. Quinn's statements completely discredit his testimony before the joint committee.

May I repeat the chronology. He left big business in 1936, praised it in 1943, then in 1948 remembered that 8 years before he had left it because of its sins of commission and omission.

League of United Latin-American Citizens

EXTENSION OF REMARKS

OF

HON. DENNIS CHAVEZ

OF NEW MEXICO

IN THE SENATE OF THE UNITED STATES

Thursday, June 16, 1955

Mr. CHAVEZ. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an address I delivered on June 11 at the national convention of the League of United Latin-American Citizens, held in Galveston, Tex.

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

ADDRESS BY HON. DENNIS CHAVEZ, UNITED STATES SENATE, DEMOCRAT, NEW MEXICO, AT THE NATIONAL CONVENTION OF THE LEAGUE OF LATIN AMERICAN CITIZENS AT GALVESTON, TEX., JUNE 11, 1955

It is indeed a real and sincere pleasure to address the convention of the League of United Latin American Citizens and to meet with friends whom in the course of my public and personal and private life, I have had the opportunity to know and to come to love. With all the sincerity at my command I tell you that I am happy to have been invited to be with you and address you this evening.

The League of United Latin American Citizens, as you all know, was founded on the basic premise that through united efforts and understanding, we people of Latin American descent would and could afford our fellow Latin Americans in the United States the kind of leadership which can lead the way to a more wholesome life, not only for ourselves, but beneficial to the body economic and politic of the entire United States.

By wholesome life, I mean assuring all the benefits that rightfully accrue to every community in this country of ours, which reach all the component parts of these communities and not only a select few.

The LULAC organization has demonstrated that it does indeed offer the opportunity to exercise that kind of leadership. It is a nonpartisan organization with wideawake members who have the interests of the citizens at heart and who constantly have worked toward the well-being of this sector of our population.

I wish to congratulate the leadership of the LULAC organization. Since its foundation, I believe I have known the majority of them and they have given their time and their money and their efforts and their hearts to improve and advance the welfare of their fellow Latin American citizens. I congratulate them, and I for my part, thank them for the many great accomplishments which they have achieved.

We have been hearing a lot about the "wild frontier" and of a mythical character who has been transferred from a man—a historical figure—to a more or less fabulous Robin Hood of the West. You will hear more of the wild frontier but this is the last that I will mention Davy Crockett.

I am glad to address your convention in the city of Galveston, because it was not too long ago that all the country that stretches from what is now New Orleans to Texas, Coahuila, Chihuahua, Sonora, New Mexico, Arizona, Colorado, and California was a real frontier, and believe me, it was wild. But here in the city of Galveston, named after Bernardo de Galvez, probably the greatest figure in 18th century Spain, who as a youth and a real hero of the wild frontier roamed these parts for 12 years. The city of Galveston was founded by a small group of Americans who had been disturbed by the turbulence of the American Revolution and during the governorship of this same Bernardo de Galvez. They named the city after him because of the many kindnesses which he extended them. They went even further—they asked him in a petition if he would give Spanish names to their homes so that they could in that way express the appreciation they felt for his help.

Bernardo de Galvez was a fabulous man. No disk jockey can make him famous. He established his fame by deeds which will ever be remembered. He came as a youth and fought in the wild frontier that I mention to you as second in command of the interior provinces which comprise this wild frontier. He led numerous expeditions against the Apaches and the Comanches and he was wounded—as a matter of fact at one time received many arrow wounds at the hands of the Indians at what is now Pecos, N. Mex. Later he became Governor of Louisiana, as I mentioned before. During that time and although the American history books fail to mention it, when Spain declared war on England, he aided the American colonies in their fight for freedom. He led successful expeditions and captured not only Mobile and Pensacola, but went across to the Bahamas and the lower Mississippi and captured them. Following this, he was appointed Governer General of Cuba and he continued as Governor of Louisiana and the Floridas. On the death of his father, Matias de Galvez, who at that time was Viceroy of New Spain, or Mexico, Bernardo de Galvez, was appointed Viceroy and continued in command and administration of the governorship of Cuba, of Louisiana. He was a great administrator and his treatment of the Indians though firm was benevolent at the same time.

At the age of about 42 years his health, having been weakened by the arduous campaigns, he died—but he left his name forever and it is a pleasure to speak in a city of this size and in this site which has been named after a real hero of the wild frontier.

Now, there still remains a frontier and in exactly the same places which I mentioned. We have in this region in the Southwest some 3 million persons of Spanish and Mexican descent and it still remains a frontier because of the condition of the people; unfortunately it is not a thing of which we can be proud. It is a frontier of poverty but not of despair, but there is much to be done. In this frontier it is a very well known fact that a very large part of our fellow citizens finds itself in dire circumstances. In many instances this is due to the lack of language orientation, as to their rights as members of the community, and, more often than not, to a lack of counsel and advice regarding opportunities for advancement such as jobs, education, public relations, and civic duties.

This is a sphere in which it seems to me organizations such as the LULACS are necessary. For this reason, the subject of my discourse is the role that the wild frontier and the people who now occupy it can play not only in the domestic field but also in the international, and the necessity and the importance that organizations such as yours, the American GI Forum, and others be perfected.

I come here not to talk at you or down to you, but to visit with you and exchange a few ideas in the hope that some of the knowledge and experience which I have acquired over many years of public life, and some of the knowledge I have obtained from personally experiencing as a child and as a young man, and witnessing all my life the ills and unfortunate circumstances that beset our people, that these may be of some use and perhaps assist you in the task you have before you—the continuing task of providing the leadership which our people so badly need and which can be of so much benefit to them, to you and to this great country which we love.

We know that in the wild frontier poverty, disease, economic injustice—these are the very food which feed and nourish the cancerous growth of communism. Communism is a problem to all of us, but the first problem which we have here is first to see that people are well fed, well clothed, well housed, and then I can assure you that the next step will inevitably follow—that the economic and the political and social position which we desire and which we must insist on will be brought about.

I am sure that the first generation of say, Italians, who came to this country worked hard, they lived in unfit places, they probably lacked for clothes—I am sure they spent their last nickel, however, to help educate their children and now those children have become lawyers, doctors, and professional people, and they in turn have obtained for themselves political importance so now they need not ask anyone to defend their rights. As a result they are contributing not only to increasing the national product of the United States and have become good citizens, but are assisting the United States in the foreign field, in the international field—not that they have become less Americans but that they have become greater Americans.

I am sure that all of us are grateful that the Italian-Americans organized together and sent money and wrote letters to their families in Italy asking them to vote against the Communist Party candidates in the recent elections. We can thank them that Italy has not gone communistic.

The problem is then, twofold. The first is to defend our political and economic and social rights to the best of our ability as the circumstances at the present time permit and at the same time do our best, through education and through political maneuvering, if necessary, through the weight of numbers, to see that poverty and slums and disease is eradicated from this wild frontier.

This can be done and it has been done to a large extent in some of our cities, but there is much left to be done. This neglected segment of our population must be made sound and wholesome and this only can be accomplished, in my opinion, by organizations which will have proper leadership and will keep the interest of this group at all times.

We have in this wild frontier many Senators and many Congressmen, but in all this frontier only in New Mexico do you find a Congressman by the name of FERNANDEZ—only in New Mexico do you find a Senator by the name of CHAVEZ. But there is no reason why in this marvelous country of ours where we have the right to vote, where we have the right to express our opinions as we wish, why this wild frontier cannot have a Congressman from the El Paso district by the name of Garcia, nor why from the district in which Laredo, Tex., is located there cannot be a Congressman by the name of Terrazas. The congressional district which is now occupied by Congressman JAMES ROOSEVELT is 70 percent Spanish-speaking. There is no reason why a man by the name of Martinez cannot represent that district as well as a man by the name of ROOSEVELT, particularly, and only if he is qualified and has the interest of our people at heart, and the people vote for him.

There are many fine Congressmen and Senators who are very close personal friends of mine and with whom I must live in order to get along with in order to properly represent my State because we have many similar problems and they occupy important committees, but what I am saying is this—that when we have good persons who are qualified and know our problems, then we should have the opportunity to elect them to public office if we wish.

Any Congressman, Senator, or Governor who does not respect the rights of these neglected citizens, then it should be firmly brought to his attention and they should be informed that the next time they come up for election they will not have the support of this sector of the population.

Let me tell you what took place one day not so long ago in New York. The Negroes there were not permitted to have jobs with the New York Telephone Co. They sent committees to see the officials. They were not received. They sent them letters. They were not answered. Finally, they sent them a letter and told them that on a certain day they would have a committee waiting to hear from the telephone company officials if they deemed it convenient, and on that day every Negro who owned a telephone in New York started dialing numbers at random. It so jammed the telephone exchanges that within 2 hours an official of the telephone company went to see the committee and invited them to come over to their offices and discuss the problem. All they wanted was for the telephone company to remove this ban of Negro employees so that competent Negro girls who could speak English and enunciate properly, could at least be employed as telephone operators.

Believe me, it just took 2 hours of the combined efforts of the Negroes in New York to bring the mighty American Telephone & Telegraph Co. to their knees.

That is what I say can be accomplished here and that is the kind of leadership the LULACS should provide. They should organize the people and lead them and guide them and counsel them and defend their rights. Eliminate the poverty I speak of, the slums and the disease—all this can be done with the help of organizations such as yours.

We must not overlook the international features of this wild frontier. Do not forget that we, after all, represent an outpost of the Spanish world, or maybe I should put that another way; that Mexico, Central America, and Latin America are merely an extension of our wild frontier. Think of what this means in the international field. We know that Communist Russia is exploiting the poverty and perhaps the discrimination of various unfortunate parts of our population—and don't believe for a minute that we have a monopoly of this unfortunate situation. Don't forget that the poor white people in the South are just as bad off as many of our people right here. And don't forget that at the same time the poor Negroes in various parts of our country are also suffering equal hardships, and don't forget that many descendants of many races are suffering intolerable conditions in the slums of New York, Baltimore, Chicago, Atlanta, and even here in Texas.

We do not have a monopoly on these conditions and it is these conditions which the Communists are exploiting for propaganda purposes in other parts of the world.

They are using these weapons, these tools, and they are beating us at the game. We talk democracy—they talk poverty. We talk about freedom—they talk about the mistreatment of GI's of Latin and other minorities, the discrimination in schools and the reluctance of many communities to accept integration.

In this connection it is a well-known fact throughout the 20 Latin American Republics that the inhabitants of these countries have always looked in respect to governmental policies of the United States, whether it be at the local, State, or national level, in the sense of the treatment accorded their fellow Latins living within the boundaries of the United States.

The Communist ideology has been exploiting any indiscretions on the part of that policy that would adversely affect the well-being of this numerous group in the United States. The consequences of such exploitation in the minds of 150 million Latin American neighbors we can all well understand.

It seems to me, therefore, that a positive aggressive program designed to demonstrate to our neighbors to the south that the efforts of such organizations such as the League of the United Latin American Citizens toward a better understanding and solution of problems would probably be a more useful approach in international relations than the usual diplomatic representations.

It is within this context that I personally feel that the usefulness of the LULACS can best be shown for our ideals, hopes, and aspirations for a better world.

The Jaycees Meet Again

EXTENSION OF REMARKS

OF

HON. ORVIN B. FJARE

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 16, 1955

Mr. FJARE. Mr. Speaker, under leave to extend my remarks in the RECORD, I would like to pay tribute to the United States Jaycees. Next week approximately 10,000 young men between the ages of 21 and 36 years will gather in Atlanta, Ga. They will be delegates to the 35th annual convention of the United States Junior Chamber of Commerce.

I believe it is fitting at this time to briefly review the record of this organization during the past year and pay tribute to 250,000 young men, in over 2,800 chapters, in this country who believe that service to humanity is the best work of life.

The United States Junior Chamber of Commerce in the past has received many eulogies from Members of this body and on the floor of our colleagues in the Senate. Therefore, it is not necessary to review the makeup and purposes of Jaycees.

I do believe, however, that the accomplishments of this young man's organization during the past 12 months will be of interest to you and will impress you as it has me.

During this past year new chapters of junior chamber have been established in over 400 communities, embracing over 15,000 new members.

This year Jaycees have conducted an intensive youth-welfare program in which each chapter in the 40 States was asked to conduct at least 5 projects involving teen-agers or children of lesser age. Although final figures are not available, it is estimated that this program alone has reached almost 5 million young people; 5 million young people learning a great lesson in democracy.

This has been a great individual effort on the part of this young man's organization and has undoubtedly made an outstanding contribution to the American way of life.

One of the projects undertaken by the United States Junior Chamber of Commerce in cooperation with Junior Chamber International has been Operation Brotherhood. Recognizing the importance of Vietnam to the future of the free world, Jaycees worldwide have undertaken an all-out effort to assist the free peoples of Indochina. While Jaycees from all parts of the world have contributed to this effort, a major share of the assistance has come from the United States members.

To date the United States Jaycees have collected over $150,000 in cash contributions and enough needed clothing, medicine, tools and farm equipment to fill a large cargo vessel. This vessel, now in port on the west coast, is being loaded and will sail with its cargo of friendship within a few days.

The project is being recognized by free world leaders everywhere as being one of the most important contributions to the cause of freedom in recent years. This, a Jaycee effort, because Jaycees believe that "the brotherhood of man transcends the sovereignty of nations."

There are many other outstanding achievements attained by members of the United States Junior Chamber of Commerce during the past year. All of these activities have contributed immeasurably to the betterment of our communities, State, and Nation. In addition, the organization is affording leadership opportunities to the thousands of young men who make up its membership.

The slogan of the recent international convention held in Mexico City was "Young men can change the world." The Junior Chamber of Commerce has contributed much to a change for the better in the past 12 months.

I would like to conclude with the Jaycees creed which embodies for Jaycees a way of life:

JAYCEE CREED

That faith in God gives meaning and purpose to human life. That the brotherhood of man transcends the sovereignty of nations. That economic justice can best be won by freemen through free enterprise. That the government should be of laws rather than of men. That earth's great treasure lies in human personality and that service to humanity is the best work of life.

I offer my heartiest congratulations to the members of the United States Junior Chamber of Commerce on their achievements and accomplishments and for their contribution toward making this a better country in which to live. I know my colleagues will join me in this expression.

Are You Cooking With Gas?

EXTENSION OF REMARKS

OF

HON. EDMUND P. RADWAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 16, 1955

Mr. RADWAN. Mr. Speaker, in the case of most of us in the Buffalo area, the answer to the question contained in the above title is a loud "yes." It is only natural that we should be large consumers of gas in Buffalo. We have a long heating season and we appreciate the cleanliness and convenience of gas

heating. This, coupled with its efficiency as a cooking fuel, and rates that compare favorably with any in the country, make our city a big and appreciate user of gas. In fact, our only trouble in recent years has been getting all we can use, as many Buffalonians switched to gas over competing fuels. Industrial as well as residential consumers have invested millions in equipment that uses gas, and only gas.

This whole picture is threatened by bills now pending in both Houses of Congress. If the price of gas were to soar, we would be in a bad way. Gas is a monopoly, and you cannot very well switch to something else. But the bills now being considered would end existing price regulation at the point of production—the gas wells. At the present time, the price of gas is supervised and regulated from producer to consumer. The local gas company is regulated and its rates approved by the New York State Public Service Commission. The price of transporting the gas from the wells to our city is subject to Federal regulation, and so is the price of the gas at the wells, thanks to a decision of the United States Supreme Court. The bills in Congress, supported by the oil and gas producers, and aided by a $1,500,000 educational fund, seek to nullify that Supreme Court decision by removing regulation of the price of the gas charged by the producer. It is reminiscent of the tidelands oil bill which upset a Supreme Court decision that these valuable lands belonged to the entire Nation, and which turned them over to a few Southern and Western States. Just as I fought that tidelands "grab" as detrimental to all of the people of my district, so do I intend to fight this latest attempt to upset a Supreme Court decision at the expense of us who are the principal users of natural gas.

The local gas companies which distribute the gas to our homes could very well suffer substantial injury from the removal of price regulation at the well. That is because the rates which they are permitted to charge us are fixed by the State Public Service Commission, and if they must abruptly pay more for the gas which they sell, they could be caught in a disastrous squeeze while over a period of months or longer, they sought permission from the State to pass this increase on to the consumer. It is not a pretty picture.

When our industrial economy and the very usefulness of our homes depends on the natural gas which flows through the pipelines directly into those homes from the well, then we are completely at the mercy of everyone along the line who has anything to do with that gas—producer, transmitter, and distributor. To decree that one of them is to fix his charge without regulation is to destroy the chain.

The decision to be made in Congress is primarily the settlement of a political and economic conflict between regions. Should the rights and interests of 88 million people be disregarded at the request of several thousand so-called independent gas producers in Texas and Oklahoma because the good Lord put this valuable commodity in their earth and forgot to put it in ours. They are certainly entitled to the fair and reasonable profit they receive for their risk in taking it out of the earth, but we live in the same Nation, and we feel entitled to participate in the resources of another part of our Nation at a reasonable cost, because the Texans and Oklahomans did not put that gas into the earth.

In short, I am in perfect agreement with the distinguished, trained, judicial minds of the United States Supreme Court. The bills now before Congress which would upset their decision should be defeated in the public interest.

Rural Electric Cooperatives

EXTENSION OF REMARKS

OF

HON. E. Y. BERRY

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 16, 1955

Mr. BERRY. Mr. Speaker, under leave to extend my remarks in the CONGRESSIONAL RECORD, I include a copy of a letter from the Honorable Ancher Nelsen, REA Administrator, to Mr. Robert E. Estabrook, editor of the Washington Post and Times Herald of Washington, D. C.:

MAY 23, 1955.

Mr. ROBERT E. ESTABROOK,
Editorial Page Editor, the Washington Post and Times Herald, Washington, D. C.

DEAR MR. ESTABROOK: On your editorial page Saturday morning you quoted a statement implying that REA under this administration has so reduced services to the rural electric cooperatives as "to threaten the very life of REA."

This criticism, with which, I am convinced, the rank and file of co-op managers and directors do not agree, ignores the tremendous advances that REA electric borrowers have made in the last 20 years. These cooperative businesses which started from scratch have grown up into strong, mature, well-run, sound rural utilities. REA gave them help to get them started and that, in my opinion, was an entirely proper function for the Government agency. But today these thriving locally controlled organizations would be insulted to have a Government agent come out to tell them what they should or should not do. Moreover, it would be poor public policy and an unnecessary waste of public funds.

There are, of course, some borrowers out of the 1,000 that are not in as good shape as the rest. It is our policy to help these in every reasonable way. We concentrate our personnel on matters concerning them. It is our objective to help them become strong and self-reliant with the others. The advances the REA borrowers have made enable us to operate on this selective type of operation—helping those who need help and leaving alone those who are progressing nicely.

The rural electric cooperatives today are businesses with an average investment each of more than $2,500,000. Their repayment record to REA is fantastically good. As of today, only 13 of them are behind in their repayments more than 30 days.

Does that kind of a healthy business need to have the Government supply free audits each year?

Does a business handling operations of that size need to have the Government provide free engineering services?

Does a business that has succeeded in growing to that size need the help of the Government to fill out its applications for new financing that may be needed?

Does a business that has shown all the vigor of these co-ops need the Government to hold its hand in one and a hundred problems that may come up?

As a farmer myself who lived without electricity before REA came along and who helped organize our own rural electric cooperative, I can say with some conviction that I believe farmers resent people suggesting that they are so incompetent that they need bureaucrats out of Washington to do things for them.

As Administrator of REA I am as firm in my belief that REA would not be doing the co-ops a favor at all to take over functions that co-ops can do and should do for themselves.

Every time the Administrator of REA makes a loan he must, under the law, certify "that, in his judgment, the security therefor is reasonably adequate and such loan will be repaid within the time agreed." It seems to me an Administrator can make this certification only if he has strong confidence in the ability and determination of the local boards of directors and managers to run their businesses successfully.

Sincerely yours,

ANCHER NELSEN,
Administrator.

Administration Removes Welcome Mat From Door of TVA—Does Such Inhospitable Actions Strengthen Our Foreign Relations?

EXTENSION OF REMARKS

OF

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 16, 1955

Mr. EVINS. Mr. Speaker, since its inception and up to the time the present administration removed the welcome mat from the door, TVA has been one of the major points of interest sought out by visiting foreign dignitaries when making tours of our country.

The reason for this tremendous interest of visiting foreigners in the TVA is due to the fact that TVA is one of the most striking examples in the world today of an enlightened approach to national development. These visitors are desirous of learning from TVA ways and means and methods which they can take back to their homelands and put to good use in their own national development. That is why they have traditionally been so anxious to visit TVA—and, because this Nation traditionally has wanted to by the helpful Good Neighbor that is why our country has heretofore taken pride in showing the TVA to people of other countries.

It has been apparent for the past 2½ years that TVA has been removed from a list of places to visit and see in our country. Fewer and fewer foreign visitors have been given the priivlege of visiting TVA—this has been most apparent.

But it has remained for the new TVA chairman, General Vogel, to jerk the welcome mat from the door of the TVA. He has done this most effectively in recent testimony before the House Public Works Subcommittee of the Appropriations Committee. The inauguration of a new era of inhospitality to foreign visitors came about as General Vogel was being questioned relative to a modest request of $30,000 for the entertainment of foreign visitors at TVA.

Said General Vogel before the subcommittee: "We receive a great many visits from foreign visitors during the year and it puts quite a burden upon us to take care of these people."

Now, Mr. Speaker, General Vogel has been at his present job considerably less than a year and to my knowledge he is the first official of TVA who has expressed displeasure of showing foreign visitors around TVA. He is the first official to my knowledge to complain of the great burden of demonstrating national hospitality.

General Vogel's attitude would appear to be another candid statement of the administration's determination to do nothing to promote and advance TVA, but I would remind those in charge of hospitality at TVA that the TVA is still a point of interest for visiting dignitaries, and that the failure to give visitors a chance to see and study its operations does not detract in any degree from this agency—it merely emphasizes the shortsightedness of the administration toward a national and international asset.

In this connection, Mr. Speaker, I would like to have included in the RECORD a list of dignitaries and official visitors to the TVA in years past who have come to this country anxious to see this agency in operation and to gain inspiration for advancement in their own countries—who have demonstrated a hunger for national advancement and progress and a desire to obtain from us the blueprints for the realization of a better life.

The visitors from foreign lands to the TVA have included:

Queen Juliana and Prince Bernhard, of the Netherlands, in April 1952.

Ambassador and Mrs. Eban, of Israel, in May 1953.

Muhammed Khuda, Minister of Defense, Pakistan, in December 1952.

Admiral Renato Guillobel, Secretary of the Brazilian Navy, in September 1952.

Former Prime Minister Hans Hetoft, of Denmark, and Ambassador Henrik de Kauffmann, of Denmark, in July 1952.

Prime Minister Ben-Gurion, of Israel, in May 1951.

Prime Minister Joseph Pholien, of Belgium, in April 1951.

President Gabriel Gonzales Videla, of Chile, in April 1950.

Dr. Franz Bluecher, Vice Chancellor of West Germany, in February 1950.

Prime Minister Pundit Jawaharalal Nehru, of India, in October 1949.

President Enrico Gaspar Dutra, of Brazil, in May 1949.

Right Honorable Hector McNeil, British Minister of State, in April 1949.

The Khan of Kalat, ruler of Kalat, Pakistan, in April 1949.

Prince Charles, Regent of Belgium, in April 1948.

The Egyptian Minister of Public Works, in July 1947.

President Miguel Aleman, of Mexico, in May 1947.

Let us not permit the "No visitors" sign to be put up at TVA, but rather let us continue a policy of welcome to all.

Our Near Eastern Mutual Security Program

EXTENSION OF REMARKS

OF

HON. JAMES ROOSEVELT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 16, 1955

Mr. ROOSEVELT. Mr. Speaker, under leave to extend my remarks in the RECORD, I include herewith a statement which I made on June 15, 1955, before the House Committee on Foreign Affairs. Because of the seriousness of our relations with the countries of the Near East, I hope that my colleagues will give this statement their serious consideration.

The statement follows:

STATEMENT BY CONGRESSMAN JAMES ROOSEVELT, 26TH DISTRICT, CALIFORNIA, BEFORE THE HOUSE COMMITTEE ON FOREIGN AFFAIRS, JUNE 15, 1955

Mr. Chairman and members of the committee, I wish to thank this committee for the opportunity to make some comments on the mutual-security program with particular reference to its effect on current problems in the Near East.

I strongly support our program of economic development in the countries of the Near East. The way to promote peace, democratic procedures and democratic institutions is to lift living standards. I will not try to review what has been done in the Near East in recent years. This would be unnecessary here, for the members of this committee are themselves largely responsible for this program and are far more familiar with it than I am.

I would like, however, to express appreciation to you, Mr. Chairman, and the others of this committee for the highly constructive contribution that you have made to our foreign policy by these programs for the development and the strengthening of the economies of the countries of this region.

It is my understanding that these programs have been helpful to both Israel and to some of the Arab countries that wanted our help. I note, for example, that the development-assistance program in Israel has been going down. It was $73 million in fiscal year 1953, $53 million in fiscal year 1954, and $40 million in the current fiscal year. And, I am informed that in the new program, the amount will be even less. I assume that these cuts reflect progress and are based on the premise that Israel has been getting stronger. But I ask, Mr. Chairman, whether we are cutting this program down too rapidly. All of us are pleased that Israel has been able to reduce its imports and to expand its exports. We would like to see that steady progress towards economic independence continues and I hope that nothing will be done in the current program, either by the administration or by this committee to reduce the amount of our assistance to Israel and thus arrest the pace of that progress. It seems to me that it would be most wasteful if a drastic reduction in our aid program should slow down progress and thus prolong the period of Israel's dependence on outside assistance.

Mr. Chairman, I am deeply concerned about the military assistance program in the Near East. It is, I believe, a mistake to send arms to any of these countries in the Near East in advance of an Arab-Israel peace. I have been told that the supply of arms is limited to Iraq and it has been argued that Iraq does not have a common frontier with Israel. Mr. Stassen testified before the Senate Foreign Relations Committee that we are not giving arms either to Israel or to the states which border on Israel.

While this reassurance is welcome, I am still troubled. It is true that Iraq has no common frontier with Israel. But that did not prevent Iraq from sending its troops into Israel to try to prevent her establishment in 1948. Iraq has close and friendly relations with Jordan. There is nothing to prevent Iraq from sending troops and military equipment either through Jordan or Syria to be used against Israel. It is a well known fact that Iraq would like to enlarge its territory to include both Syria and Jordan. Moreover, the British have always sent arms to Jordan and are continuing to do so. I am not an alarmist and I don't suggest that Iraq is going to use our arms against Israel in a renewal of fighting tomorrow or next week. But no one can deny that Iraq maintains a state of war against Israel, that it is a leader in the Arab campaign against Israel and that, even though there may not be any fighting between Iraq and Israel at the moment, Iraq continually mobilizes its energies and the energies of its sister Arab States to intensify the boycott and blockade of Israel. She is so bitterly hostile to Israel that she has never to this day signed an armistice agreement with her. An example of Iraq's position occurred at the recent Bandung conference when the Iraqi spokesman denounced Israel in bitter terms and the Arab bloc, with the collaboration of Communist China's Chou En-lai, put through a resolution endorsing the Arab position in the Arab-Israel conflict. This maneuver succeeded after the Arab States arranged to have Israel excluded from the conference and thus denied her the opportunity to respond to the Arab attack.

The purpose of our arms shipments to the Arabs is stated in the tripartite declaration of May 25, 1950, between the United Kingdom, France, and the United States, and which presently guides our policy in the Near East. In this declaration, the three nations expressed their recognition that the Arab States and Israel all need to maintain a certain level of armed forces to insure their internal security and their self-defense and the defense of the area as a whole. Yet, we have refused Israel's request for United States military aid under the Mutual Security Act on the theory that she is in a position to purchase the arms she needs, even though President Eisenhower stated in his December 31, 1954, report on the mutual-security program that:

"Despite its growing achievements, Israel continues to face a troublesome financial situation. Its trade deficit of over $200 million and external debt of over $400 million make it most difficult for it to pay from its own resources for the essential commodities and capital items needed to sustain an adequate rate of development."

This we have done, despite continued hostilities between the Arab States and Israel; despite the fact that King Saud of Saudi Arabia has proclaimed Israel to be a "cancer on the body of the Arab world" which must be cut out. Similar statements have been made by other authoritative Arab leaders. This we have done despite the fact that in defiance of the United Nations, Egypt keeps the Suez Canal closed to shipping to and

from Israel; despite the fact that the Palestine war ended without either an accepted settlement or a genuine peace; and despite the fact that the Arab countries and Israel are still technically in a state of war with the Arab countries eager for a second round.

I stated that I favored economic aid to the Arab peoples—I do. Yet, I do wish to call this committee's attention to the fact that the Department of State held back the entire economic-aid program in Egypt so long as there was no agreement between Egypt and the British on the Suez Canal. Mr. Stassen so testified before the Senate committee during the hearings on this legislation. But immediately after the Anglo-Egyptian agreement was signed, we went forward with a very large program of economic aid to Egypt and we also offered Egypt military aid. It seems to me that we threw away a real opportunity to promote an Arab-Israel peace at that time. We might have insisted, as part of the Suez agreement, that Egypt call off its blockade of the Suez Canal—a blockade which affects all shipping to and from Israel, including American tankers. Last fall, after the Egyptians got what they wanted, both the Anglo-Egyptian agreement and a promise of some $40 million of economic aid, they still carried on the blockade of the Suez. They seized an Israeli ship. They still hold it. They have defied a U. N. Security Council resolution ordering them to call off this blockade.

Mr. Chairman, I do not propose here to try to go into an extended discussion of all the rights and wrongs of the Arab-Israel conflict. I don't think that anything is gained by trying to fix the blame on a day-to-day basis. But the central fact is that the Arab States are still at war with Israel. It is the Arabs who refuse to negotiate with Israel or recognize her existence. So long as that situation continues, I think it is a blunder to send military aid to any one of the Arab States. I am firmly convinced that our policy will neither strengthen our defenses in the area nor will it win us friends. On the contrary, I have felt that the program will weaken our defenses, because it will make peace more difficult to attain. Instead, it is a blow at peace, for we encourage the Arabs to believe that they can get what they want from us without making any concessions to a peaceful settlement. From such a policy they are bound to infer that we are indifferent to the conflict, and that our attitude toward Israel has cooled. It will certainly tend to weaken Israel, the one country in the Near East which is firmly alined with the West.

Our arms program in the Near East calls for the closest scrutiny. It seems evident that the current program will make little appreciable difference in strengthening the region against Communist aggression. If I thought that the shipment of arms to Iraq was vital for our defense, I would not appear here. I believe that the shipment of arms to one side, in advance of peace, keeps the Arab-Israel conflict going and postpones the attainment of peace, which is an indispensable prerequisite to effective defense in the region. There is danger that once the Arab States secure arms from us, they will not feel that any concessions to peace are required as a condition of their acceptance in the free world partnership. Past experience invests that principle with substance. Iraq's record indicates that she cannot be relied upon to play an effective part in any war on the side of the West. Iraq was the one country in the Middle East that went over to the side of the Nazis in 1941. As for the rest, they remained on the sidelines waiting to see who was going to win before they entered the war in 1945. Accordingly, I see little to be gained in pouring arms into this area. In fact, should the Arab States be encouraged to renew this conflict, this would play into the hands of the Soviet Union which would exploit any new outbreak of hostilities.

I believe that the giving of arms without requiring that there be some substantial progress toward a real and lasting peace between Israel and the Arab States as a condition of our support would be failing to utilize one of the few remaining instruments for peace at our disposal. I believe that we will experience what the British learned to their bitter disappointment—that the gift of assistance and weapons did not necessarily win them friendship.

The people living in Israel must be gravely concerned about our policy. We promoted the recent Turkish-Iraqi agreement. It is open to all countries recognized by the two countries, that is, anyone can join except Israel. While we have not joined, we are arming both the contracting parties. The British have joined and have also reached agreements with Egypt and Jordan. Israel is the only country in the area which has no defense agreement with anyone. It is ringed by hostile states and is completely isolated, for, in a crisis, it can count on support from no one.

I believe that we should be taking measures to meet this serious problem. We have insisted that our policy is one of impartiality. But it is not impartiality to give arms to Iraq and to deny them to Israel which requested them as far back as 1952. This is clear discrimination, which must lead inevitably to an arms race, imposing disastrous burdens on the people of these countries and crippling economic development.

I hope that the administration will take another look at our policy in the Near East. If we cannot discontinue our arms shipments to Iraq, then at least before we make any future shipments, I believe that we should find some kind of formula for including Israel in our defense system, perhaps by negotiation of defense treaties with Israel and those Arab States which may want to be alined with the West. These treaties should provide that any armed aggression in this area will result in immediate active United States military support to the invaded country. I believe that it is only when both sides understand that the United States will not tolerate any further aggression by either side, that the issues may be resolved and a peaceful settlement of the tensions now existing in the Near and Middle East may be made. This has become all the more urgent, in my view, because our ally, England, has already entered into formal treaties with a number of Arab countries—Iraq, Egypt, and Jordan—and has not entered into any corresponding arrangement with Israel.

Mr. Chairman, I shall vote for the mutual security program and I hope that this committee will report it out without substantial reductions. I also hope that the committee can find the proper amendments to assure the lessening of tensions in the Middle and Near East and the elimination of any future arms shipments to the countries of that area until permanent peace compacts have been negotiated.

Hon. Edna F. Kelly's Address at Her Daughter's College Commencement

EXTENSION OF REMARKS

OF

HON. LEONOR K. SULLIVAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 16, 1955

Mrs. SULLIVAN. Mr. Speaker, earlier this month, on June 1, our colleague, Representative EDNA F. KELLY, of New York, whom we all love and admire, had the happy experience of delivering the commencement address to a college graduating class which included her lovely daughter, Maura Patricia Kelly. The exercises took place at Marymount College, Tarrytown, N. Y., and were attended by Francis Cardinal Spellman, archbishop of New York, and other dignitaries.

Congresswoman KELLY, who is one of the outstanding members of the House Committee on Foreign Affairs—a conscientious, and I can attest, extremely hard working Member of the House—delivered an address on that occasion which I feel all of the Members will want to read. Deep spirituality, as well as a firm and realistic appraisal of international problems are found in this excellent commencement address and, under leave to extend my remarks, I commend it to the Members, as follows:

The gracious invitation extended to me on this happy occasion is one that I deeply appreciate. My acceptance is given with humble understanding of the honor accorded me, and with a deep sense of responsibility.

This responsibility is deepened, first, because of my long, personal association with the Religious of the Sacred Heart of Mary. No woman should ever admit this—but I shall take you into my confidence—and tell you that this association began very little less than a half century ago. My sisters and I were most fortunate to have our formal, religious training developed by the members of this community. Secondly, it is my great and good privilege to have a close bond of love in the Class of 1955, and also among your esteemed faculty.

I am well aware of the value of an education, particularly in these critical days, which is based upon the foresighted philosophy of education of the first American Superior General of the Religious of the Sacred Heart of Mary. As early as 1918, Mother M. Joseph Butler had in mind the establishment of international schools where girls from all countries could learn the meaning of true patriotism in an understanding of all peoples. This international aspect of education did not mean losing one's own nationality—nor diminishing love for one's own country. It meant, rather, bringing together the best in all countries.

The great spread of international movements is one of the striking phenomena of the present day. All over the world people are becoming conscious of belonging to a unified world. We believe that God speaks to mankind through the events of daily life. Today He speaks to us through the internationalization of worldwide problems.

These facts you know. You know also, from your present studies, the condition of affairs in the world—the struggle between the forces of good and evil. Ideological frontiers are set up that beggar nature's ancient barriers of sea and sky. Men in their pride boast of reaching out to encompass the mysteries that lie at the outer surface of the universe, while in their ignorance, they cannot exhaust the knowability of a single mote of dust. Veneration of things sacred is scoffed at. The very worship of God is denied him. The whole world of man, which should be the radiant shrine of the Almighty, is desecrated by hatred and impiety. I refer to this somber picture not to arouse fears but to present a challenge.

To the young ladies to whom I will now specifically address myself, I extend the congratulations which flood my mind and heart today. My felicitations pertain to your well-justified happiness and sense of accomplishment, to the joys of your dear families and friends in this splendid day of the culmina-

tion of your collegiate careers, a day which has its very eye fixed on what the future holds for you. May that future ever mirror and reflect the joy which is in your hearts today. This is so much your day, dear young members of the class of 1955, you are so much the objects of our love and concern that all of our ideas and sentiments have you and your well being for their motivation.

There is a very special challenge which confronts each of you as an individual today. I am not going to speak in a prophetic vein as one revealing a truth not known before. On the contrary, I hope, in these few passing moments, to be able to bring into focus a challenge which all mankind has had to meet. It is not a challenge to remake the universe or a challenge to produce, within the short span of one of our lives, a millennium of peace and order and good will and universal worship of God, such as we dream of as the kind of world we would like to live in, if only all men could be brought to see the light.

The challenge we have to meet, every one of us, lies not in a special call to adjust, within a few days or years, the woes that afflict us, or to correct the terrible errors of history, and, in effect, as it were, to banish evil from the face of the earth. The challenge for each and every one of us is rather to overweigh and to diminish evil in the world by our individual contribution to the quantum of good in the world. It is quite clear that when an act of positive good is being performed, there is a double effect, not only the creation of goodness measurable by God, but, since good and evil cannot exist in the same time and place, evil is, at least relatively, being diminished by the good act.

The goodness of your actions will be the criteria of your meeting this challenge. Whatever vocation you choose, this must be your objective, to take into the wide world in the market place as well as in the home, the ideals and standards of living so well implanted in you here in this great Catholic college for women.

As individuals, you will now be expected to stand on your own feet. Many fields of endeavor are open to you, which, I am sure, will be enriched by your presence. Outside of the relatively narrow sphere of your own special calling there is a crying need for all of us to serve our communities. The question "Who is my neighbor?" must be answered on a worldwide scale. Isolationism is a thing of the past, both in its political and in its social sense. No American has given more evidence of the great charity and neighborliness of his heart than His Eminence Francis Cardinal Spellman.

Be alert and energetic in seeking the truth in every situation. Express your ideals and principles. At the root of many of today's problems we find apathy on the part of those who believe in truth and justice. Their apathy is in direct contrast to the missionaries of evil who are tireless in their initiative and resourcefulness. These are the doers today.

You must be the doers. In your every field of endeavor there never will be a conflict between your high ideals and the basic ideals of Americanism. The work of the welfare of our country and the good of humanity is done in the name of God. The Declaration of Independence of the United States of America appeals to "The Supreme Judge of the World for the rectitude of our intentions." America needs the best in its schools, in its hospitals, in its courts, in government, in its business firms, and, above all, in its homes. Survival and restoration of American principles must be maintained on all levels—at the grassroots and at the summit.

Reflect on the valiant souls of our forefathers. They were not afraid to face a situation. They blazed a trail in the wilderness of a continent and founded these United States—the great natural law nation in history, where the dignity of the human is recognized in his civil, his social, and his spiritual rights. Cowards tamper with these rights and invoke the very substance of our justice to undermine these truths.

As you know, this is part of the worldwide revolution of the Communists. To be successful, they must destroy the United States of America. In order to counteract this movement our Government has accepted reluctantly the leadership of the free world. Writers of the current scene have made sweeping indictments of failure concerning the political leaders of the first half of the 20th century. The aims for universal peace among nations and universal brotherhood among individuals have not been achieved even at the terrible cost of three wars. That blood has been shed for an ideal which is at present out of reach does not mean that the direction is wrong. But it does place on each and every one of us the onus of repaying the debt of a hero's life.

Each one of you can be an ambassador of good will carrying forward those ideals of internationalism upon which this school was founded. The cumulative effect of your goodness can be the leaven which will bring peace into the world. In the vanguard of our country you will take your place to obtain peace through justice. You are instilled with the fundamental precept of peace so well said by the recently canonized Pius X, "Peace without God is an absurdity. Where God is not present there is no justice and without justice it is vain to hope for peace."

May the best and holiest thoughts of today flow through your lives, the tide of them bearing your beautifully educated minds, your informed intellects, your strengthened wills, your serene hearts, upward to the very throne of heaven—at the foot of which may we, all of us, be one day gathered, seeing and knowing and possessing God, our creator, in eternity. Whatever degree you may receive today, whatever degrees and titles you may win hereafter, may your final degree be "blessed of my Father," from the loving hands of the Teacher who expounded the law to the sages in the synagogue and who teaches us the greatest lesson of all—the lesson of His love.

In this spirit and for your commencement, I wish you from my innermost heart, "Happy beginnings, Eternally happy endings."

Address to Graduating Class of Baxter Seminary by Hon. Estes Kefauver, of Tennessee

EXTENSION OF REMARKS

OF

HON. ALBERT GORE

OF TENNESSEE

IN THE SENATE OF THE UNITED STATES

Thursday, June 16, 1955

Mr. GORE. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an address delivered by my colleague, the senior Senator from Tennessee [Mr. KEFAUVER], to the graduating class of Baxter Seminary, Baxter, Tenn., on Friday, May 27, 1955.

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

ADDRESS OF SENATOR ESTES KEFAUVER TO GRADUATING CLASS AT BAXTER SEMINARY, BAXTER, TENN., FRIDAY, MAY 27, 1955

I am happy to come here because I have such high admiration for the life and work of the president of this seminary, Harry Upperman. In the field of education and civic responsibility, he has met the test and contributed much.

I feel that we Americans today face three major problems. Broadly stated they are these:

1. To preserve the peace;
2. To preserve our constitutional liberties and our free way of life; and
3. To preserve our economic health and prosperity.

All three blend together and are really aspects of the same problem—the problem of preserving our free society. It is you young people who will ultimately decide how we face these problems. It is you and thousands like you who will decide whether we accept the role of world leadership or whether we step down and take the easy way out.

In the past other Americans have had to make similar decisions. In days gone by, their decisions affected only the United States, affected only our freedom, our way of life, our families, our friends. Today our decisions affect the entire world. Can the youth of America answer this challenge?

In some parts of the world, people say emphatically, "No." They will shout that American young people are hamstrung by an ancient tradition. They will call you capitalists and imperialists. They will say that we have a false idealism. Many people will listen to their arguments. And some people will believe them.

Those who believe could not have had much knowledge of the traditions that made this Nation great. My only fear is not that we are still following these traditions, but the fear that we are losing these traditions.

Those brave men that founded our great State of Tennessee faced a challenge, even as you face problems in the world today. They cocked back their hats, chewed their tobacco, listened to the odds against them, then went into the woods and carved out this State. When they had completed their work they framed a Constitution which is a model of what free men can do. Even in victory they guaranteed our basic right in this country—the right of dissent. They left the door open for others to challenge them. Secure in their beliefs, they did not fear the arguments of others. It was this tolerance, this understanding, that made the men of Tennessee great. It was this same understanding that made the United States the mighty nation it is.

Yet, today, it seems that we are losing some of this understanding and tolerance. On all sides of us, we find people who say, "Shut out the different idea." They say, "We already have the best, so why listen to new ideas." In reality, they are afraid of the idea.

That is why these people are afraid of our young people. For it is your new ideas that will change the content of our way of life in some direction. We may still keep the same traditional framework, but the picture will change. The new will replace the old, because change is inevitable. And that is the way it should be. That is the way it must be. When ancient Rome and Athens sat back to contemplate their greatness, they were ruined. It was when the new ideas of the ancient Greeks were frowned upon that their civilization came tumbling down on them.

We in America want our individualism. We want the Government to have a minimum of control over our private lives. We want to come and go without having to register at a police station, as they do in China today. We do not want to have someone come knocking on our door in the middle of the night to see if we have visitors who do not have a pass to be away from their own city. This is what goes on in China today.

If I want to say something against the President of the United States, or if you want to shout something against me as a Senator,

that is your privilege. And what many people do not understand is that the President will fight for your right to shout against him and I will fight for your right to say terrible things about me.

In many nations, freedom of speech is just a dream. In Communist countries you may have freedom of speech as long as you talk about the things the state wants you to talk about and comment on these things in the accepted state line.

Most of us in Tennessee would last only a few moments under totalitarian rule. We like to say what we think, when we think. And we are better off for this.

In the heat of a political discussion, words fly freely. I can express my viewpoint and those on the other side can express their notions. After our discussion ends, I can keep my views and they can keep theirs. As soon as someone tried to take my freedom of speech away, or curtail my thoughts, my most vigorous political enemies would rally around me so quickly that the antagonist's head would spin. That's Tennessee. That's America. That's our tradition, and we are mighty proud of it.

All of these things are the traditions my generation and our forefathers pass on to you. Along with this wonderful heritage we pass to you, we give you many perplexing problems. Their enormity would have staggered the imagination of all those who came before you.

Patronage of Mr. Willis

EXTENSION OF REMARKS

OF

HON. FRANK THOMPSON, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 16, 1955

Mr. THOMPSON of New Jersey. Mr. Speaker, I note from the newspapers the passing from the Washington scene of Mr. Charles F. Willis, Jr. I cannot pretend that I am sorry or regret this development. As a matter of fact, it is long overdue.

For the benefit of my colleagues who may not be up on their patronage and civil service, this young man gained his great insight into latter-day politics while running the service concession at Idlewild Airport. I do not want the impression to get abroad that I think running a service concession is not an honorable profession. It is. But whether it provides an adequate background for service at the White House with a strong determining influence on the lives of Federal employees may be seriously doubted. As a matter of fact, the President must finally have come to the same conclusion, a conclusion, I might add, which was arrived at by the more than 2 million Federal employees last fall when the Willis directives were first uncovered by two enterprising newspapermen, Jerry Kluttz, of the Washington Post and Times Herald, and Joseph Young, of the Washington Evening Star.

I introduced on May 27 a number of bills designed to carry out the recommendations of the Task Force on Personnel and Civic Service of the Hoover Commission. My bills have as their purpose the improvement and strengthening of the Civil Service—one of the long-range objectives of the Democratic Party. I am indeed proud and happy to have contributed what I can to this laudable purpose. My introductory statement in support of my proposals was made on the floor of this House on May 26. The title of my remarks as they appear in the CONGRESSIONAL RECORD is How To Eat Your Cake and Have It. I said at that time in regard to the work of the Task Force on Personnel and Civil Service—

At the same time that the members of the task force were earnestly engaged in the studies which led to what I believe to be one of the best reports developed by any of the task forces of the Hoover Commission there were other less dedicated men at work scheming and plotting for partisan political advantage and developing plans which would do more to destroy the merit system than the Task Force on Personnel and Civil Service could ever do to strengthen and improve it.

I refer especially to Charles F. Willis, Jr., the so-called assistant to the assistance who, over at the White House, was making history in another direction from the task force.

Charles F. Willis, Jr., developed and put into effect—with the support of the President, and the Republican Party leaders—one of the boldest and most cynical plans for destroying the merit system and the Civil Service ever developed in the entire history of our country.

This is surely one of the historic chapters of politics and statecraft. The Willis scheme affords a unique insight into the thinking of one of the major political parties, and gives an instructive example of how to work both sides of the street—that is, taking bows for the work of the Hoover Commission while cynically planning to destroy the Civil Service.

This is the young man to whom the President writes, according to the New York Times—

As an intimate member of the administration family, you have devoted yourself tirelessly, and effectively to our objectives. We shall greatly miss you. You take with you on your return to private affairs my full appreciation of the worth of your efforts along with my sincere thanks and best wishes for continued happiness and success.

That this feeling is not shared by Federal employees may be demonstrated best, perhaps by giving you the text of letters I have received from Luther C. Steward, president of the National Federation of Federal Employees, and from James R. Watson, executive director of the National Civil Service League. These letters are included here:

NATIONAL FEDERATION OF FEDERAL EMPLOYEES,
Washington, D. C., June 7, 1955.

Hon. FRANK THOMPSON, Jr.,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN THOMPSON: We acknowledge with appreciation your statement of the attitude of the present administration toward Federal employees, as appearing in the CONGRESSIONAL RECORD, pages 7160–7169 both inclusive.

You have unquestionably assembled a great deal of factual material which is unassailable.

The attitude of the National Federation of Federal Employees was set forth by me in an address before the annual meeting of the Society for Personnel Administration on May 12, 1954, where I appeared on the program to present the employee viewpoint immediately following the appearance of the President.

We feel that every statement I made at that time has been verified by the actual day-to-day happenings.

We appreciate your vital and continuing interest in the problem of developing and maintaining a good Federal service free from political taint.

Sincerely,

LUTHER C. STEWARD,
President.

NATIONAL CIVIL SERVICE LEAGUE,
New York, N. Y., June 7, 1955.

Hon. FRANK THOMPSON, Jr.,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN THOMPSON: I wish to commend you for the very strong position you have taken regarding the career civil service.

We will study your bills very carefully and will look forward to discussing them with you in the near future.

I believe that it is very important to have placed in the CONGRESSIONAL RECORD the material from the Hoover Commission task force and the so-called Willis directives. Our league has been working diligently in an effort to get the Willis directives rescinded to the extent that it does apply to career positions.

I am enclosing a copy of the statement we made in February and a speech on patronage which I recently gave in Washington.

We appreciate the constructive proposals you have made, and I am looking forward to meeting you.

Sincerely yours,

JAMES R. WATSON,
Executive Director.

Of course, I do not want the impression to get abroad that my introduction of bills to strengthen and improve the civil service and the statement I made on the floor of this House on May 27 had anything to do with Mr. Willis' almost immediate retirement from public life. It had "absitively and posolutely" nothing to do with the return of Mr. Willis to private life, a development which is chronicled in the following two news stories from the Washington Evening Star and the New York Times. If Mr. Willis in his new position as assistant to the chairman of the board of W. R. Grace & Co. takes his peculiar ideas as to personnel management with him I predict that the officials there will soon find that he is no great bargain.

[From the Washington Evening Star of June 15, 1955]

SEC AIDE NAMED TO STAFF IN WHITE HOUSE SHIFTS

President Eisenhower today selected Edward T. Tate, 35-year-old Securities and Exchange Commission official, to replace on the White House staff Charles F. Willis, Jr., who has stirred considerable controversy as Federal job patronage dispenser.

At the same time, Mr. Eisenhower promoted Fred A. Seaton to a new position as deputy assistant to the President for administrative liaison.

In announcing these shifts, White House press secretary James C. Hagerty said that Mr. Tate would work under Mr. Seaton and have responsibility for personnel matters in liaison with the various Government departments and agencies.

ASSISTANT TO ADAMS

Mr. Willis had been an assistant to Sherman Adams, the assistant to the President and head of the White House staff.

Mr. Eisenhower accepted his resignation late yesterday "with deep regret," to be effec-

tive June 30. Mr. Tate's appointment is effective July 1.

The resignation of the 36-year-old Willis had been rumored for many months.

In accepting the resignation, the President told Mr. Willis: "You have devoted yourself tirelessly and effectively to our objectives. We shall greatly miss you."

Mr. Willis got into hot water last fall when he issued his now-famous directive to Federal agencies which ordered them to list all GS-14 and above civil service job vacancies with the Republican National Committee and not to fill them for 30 days. The directive was a move to give Republican applicants first crack at the jobs, although it was stated that the applicants must have civil service qualifications.

The resultant heat of criticism from the press and Democratic Members of Congress caused the directive to wither on the vine. Although it never was officially rescinded, it was quietly ignored by most agencies and the White House and the Republican National Committee, so far as is known, never followed up on it.

A Republican National Committee official later estimated that not more than 200 jobs were obtained by GOP applicants as a result of the Willis order.

EARLY EISENHOWER FAN

Mr. Willis made his entrance into politics in 1952 when he became coorganizer of the Citizens for Eisenhower Committee. Previously he had been a partner in a company selling supplies to airlines.

In January 1954, Mr. Willis married Elizabeth Firestone, daughter of Harvey Firestone, chairman of the Firestone Tire & Rubber Co.

During the war he was a Navy pilot and received numerous decorations and citations for his record, including the Distinguished Flying Cross with four gold stars.

Mr. Tate, who lives at 8615 Lynbrook Drive, Bethesda, Md., now is executive assistant to the SEC Chairman.

Mr. Hagerty recalled that during the 1952 presidential election campaign he was a member of the Eisenhower campaign train staff. He is a native of Indiana, Pa.

He is scheduled to carry on the same type of work on personnel matters as Mr. Willis, but with Mr. Seaton having general direction of his work.

QUIT DEFENSE POST

Mr. Seaton, a former Republican Senator from Nebraska and a member of Mr. Eisenhower's 1952 personal advisory campaign staff, resigned as Assistant Secretary of Defense in February to become an administrative assistant to the President.

Another change of title on the White House staff announced today makes Howard Pyle deputy assistant to the President for intergovernmental relations. He has been handling the same work as an administrative assistant since February 1. Mr. Pyle is a former governor of Arizona.

Mr. Hagerty said that Mr. Pyle has been handling liaison work with Government departments and agencies in addition to his work with State and city governments. His responsbility for liaison with the departments and agencies now are shifted to Mr. Seaton.

[From the New York Times of June 16, 1955]

C. F. WILLIS, JR., QUITS AS WHITE HOUSE AIDE

WASHINGTON, June 14.—President Eisenhower accepted "with deep regret" today the resignation of Charles F. Willis Jr., as a White House staff member, effective June 30.

Mr. Willis, an early organizer of the Citizens for Eisenhower movement that helped bring General Eisenhower into politics, has been an assistant to Sherman Adams, the assistant to the President.

A White House announcement said that he would become assistant to the chairman of the board of W. R. Grace & Co. and make his home in New York after July 1. He formerly headed the Willis-Rose Corp., which had the service concession for aircraft at Idlewild Airport.

"As an intimate member of the administration family, you have devoted yourself tirelessly, and effectively to our objectives," the President wrote to Mr. Willis, "We shall greatly miss you. You take with you on your return to private affairs my full appreciation of the worth of your efforts along with my sincere thanks and best wishes for continued happiness and successs."

President Eisenhower also expressed his thanks to Mr. Willis for his "outstanding and significant" service in the Citizens for Eisenhower movement and in urging other young pepole "to associate themselves closely with the conduct of their Government."

Because of the importance of the issue and the widespread concern among Federal employees over the efforts of Mr. Willis and others in the present Republican administration to subvert the civil service, I would like to include here a splendid speech on patronage which Mr. Watson of the National Civil Service League gave recently here in Washington:

Mr. Chairman, honored guests, distinguished commentators, ladies and gentlemen: my topic, as you have heard is: Is Patronage Obsolete? This is of course a difficult question. I think patronage is obsolete, but not dead. However, I do think that the old-fashioned concept of political patronage is fading away. Wallace Sayre has said that patronage has gone underground. One thing is certain, at least, it is increasingly difficult to be a reformer.

In the good old days to be against political patronage was as holy as being against sin. The reformer was a knight on a white charger and carried the banner of the merit system. The answer to political corruption was the merit system. But what is the answer today?

The colossus of modern government has all but crushed the remnants of the Jackson-type patronage. At present at least 90 percent of Federal workers are under merit systems. The problem which remains is much more devious and more complicated to deal with.

SPOILS AS OLD AS GOVERNMENT

Every page of history will indicate the struggle over jobs. There is little doubt but that the concept of patronage with emphasis on spoils is as old as the concept of government itself. Certainly it predates the Jacksonian era. As a matter of fact I was recently a little startled to be reminded how ancient the concept really is when I heard a minister refer to the disappointment of some of the disciples of Christ because Christ did not emerge as a great political figure. It seems the disciples had already developed ideas as to the jobs they were to hold in such a political setup.

Leonard White has described the rise, persistence, and gradual decline of the patronage system as being one of the outstanding characteristics of the American public service. But the historical persistence of patronage doesn't make it right any more than the inevitability of sin.

I am speaking today of job patronage. The kind of patronage where the appointment to positions and advancement is based primarily on political or personal favoritism rather than on merit and the good of the service.

PATRONAGE ARGUMENTS

Today I think that the patronage advocates are on the defensive. They have three main arguments which they allege to be in the interest of the common good of the people.

1. The administration in power must have sufficient jobs to control the execution of the policies of the administration.

2. Civil service has become entrenched, inefficient, unduly protective of the incompetent, and has too much red tape.

3. The American political system is built on the two-party concept, and the parties need jobs to sustain themselves and to maintain the system.

1. Patronage and policy

I believe that we can dispose of the question of patronage and policy very directly. In the first place, I firmly believe that patronage actually interferes with executive control by the party in power rather than facilitating it.

(A) The freedom of the executive in making appointments is limited. Patronage appointments are made to satisfy the party organization. More often than not, the patronage pressures come from the State and county organizations who have little knowledge of or concern for important executive problems.

(B) One of the principal reasons given for allowing freedom of appointments at top levels is to provide the executive with the freedom to remove people as well as to appoint them. In spite of all of the allegations about excessive protection within civil service, and there are cases where this is true, it is very clear that the political appointee has more protection and is more difficult to remove for incompetence or misuse of office while his party is in power than is the civil servant. An example of this is shown by the statement in the biography of Franklin K. Lane, Secretary of Interior in President Wilson's Cabinet, who said:

"Never again will I make a removal. I did so once in the case of an incompetent and insubordinate woman, but when President Wilson took me into the window recess of the Cabinet room and begged me as a matter of 'balance' not to antagonize the Senator from Indiana, but to restore the lady to her position, I yielded."

On the basis of these observations, and for purposes of my discussion, I am going to eliminate the matter of policy control from further consideration as a patronage argument.

2. Patronage and civil service

Let us now turn to the second argument "civil service has become entrenched, inefficient, unduly protective of the incompetent and has too much red tape."

Those who fail to recognize the serious short-comings of our civil-service system in terms of modern personnel management and the need for better public service are doing themselves, as well as the public service, a grave injustice. There are several factors in the campaign for better personnel management which relate in one way or another to the patronage question. I would like to consider these now. First, however, let us make it clear—the patronage advocates do not have the answers to the civil-service problems. They in fact set up one of the more serious barriers to achieving adequate improvement.

A. Career Service Here To Stay

We know today that the Federal service is staffed and administered by career people and will continue to be. Every study of civil service yet made has substantiated this. A high percentage of those filling top level administrative positions today have had 15 or more years of service.

Even under schedule C which has been the first constructive attempt to clearly separate the so-called policymaking and confidential jobs, experience has shown the inability to get competent people through patronage procedures. There has been a consistent number of vacancies in schedule C positions and 70 percent of those filled are held by people who were in the Federal service prior to January 1953. It should not be

surprising to the informed and conscientious observer to realize that the department heads in Washington today depend on career people more than on a confused patronage recruiting machinery to fill responsible positions. It is at this level that the public interest must be supreme and not the interests of a political party which come in conflict with the responsibility of the administration and the public interest.

B. Patronage Underground

My earlier reference to patronage going underground means primarily the efforts that are being made throughout the country in Federal, State, and local civil-service systems to inject partisan politics and favoritism into the appointments and advancements of career people. This is where the patronage problem is especially serious and why it is particularly difficult to be a reformer today. It is impossible to sufficiently emphasize the demoralizing effect of such efforts. This includes the recent obvious and clumsy attempt to placate the spoils element by politicalizing certain career positions in the Federal service through the so-called Willis directive.

If we are to have a system whereby certain so-called career people must get political endorsements and be subjected to political tests before receiving appointments to career positions, then we will never achieve the advancements in the civil-service system which we need.

If the career service is to be subjected to political test, Philip Young and his staff at the CSC might as well abandon their progressive efforts to improve executive development and training. The public cannot afford to train executives in the career service who will be subjected to political suspicion by future administrations. Adequate selection of people for training cannot be accomplished where political favoritism is involved.

If there are to be political tests then President Eisenhower might as well discontinue efforts for the President's incentive award program. What kind of incentive award system can we have if every person receiving an award is going to be suspected of being a political favorite?

D. It is time, however, for a serious word of caution. Some career people and personnel administrators are basically conservative. They inevitably have a belief in the status quo, therefore, they resist, and are suspicious of efforts to bring improvement. I have said to you before and say to you again, civil service needs improvement.

Just as we guard against favoritism, we must also be careful that we do not view every proposal for change as a raid on the merit system. In other words, civil service must be protected from the entrenched bureaucrat just as much as it must be protected from the pious politician who is going to save democracy from the civil service.

We have reached a point where conscientious administrators attempting to overcome some of the inadequacies in civil service are sometimes improperly accused of using patronage and favoritism. Just as some administrators have used civil service as a "whipping boy" for their own administrative and supervisory shortcomings, there is also the situation where some employees and employee groups label efforts to disturb the status quo as being patronage or favoritism. In other words, the "whipping boy" principal works in both directions.

The persistence of a patronage climate is one of the serious barriers to rapid advancement in modern personnel management. I would like to emphasize that the executive is responsible for maintaining and improving the personnel system. This must be completely eliminated from any concept of or argument for patronage.

PATRONAGE AND THE TWO-PARTY SYSTEM

3. We come now to the final argument on patronage, the argument that jobs are needed to sustain the two party system. To me this is the only argument from a patronage point of view that deserves careful analysis. I hope I have made it clear that the problem of political control of the executive branch and the problem of civil service shortcomings are matters completely outside of any patronage argument.

I do not feel qualified to take a dogmatic view on this question of patronage as the lifeblood of the two-party system.

Unfortunately, we have not had an exhaustive analysis of the party system and the patronage question for a long time. During the last 20 years when civil service has been greatly extended there have been 4 or 5 major civil service studies. Each has assumed that patronage in relation to a career service is undesirable. I would urge that a careful, disinterested analysis of the two-party system and means for sustaining it be undertaken. Personally, I believe that two things are quite clear:

First, on the basis of various observations I doubt if patronage does sustain a healthy and proper political organization, and,

Secondly, any patronage system yet devised is too expensive in terms of its effect on the Government administration to justify its existence. The patronage advocates must answer some pretty serious questions.

Can a patronage system be developed in such a way that it does not interfere with the skill, integrity, and prestige of the career system which is now the foundation of good government?

Can it be done in such a way that it does not deter outstanding community leaders from participating in politics?

Can a patronage system be developed which would overcome the negative corrupting reputation which patronage has historically carried with it?

Because many of you are familiar with the views of Mr. James C. Worthy, former Assistant Secretary of Commerce, and I think unduly concerned about his patronage proposal, I would like to take a moment to analyze it. I am certain that some people think it is shocking that someone who has made such a proposal for a specific patronage system would be invited to become a member of the National Civil Service League's executive committee. I am afraid that too many people have failed to read carefully Mr. Worthy's proposal and many are still inevitably on the defense about any such ideas.

Personally, I am not convinced as to the need for or the workability of the Worthy patronage scheme. I think, however, that it would be very shortsighted, indeed, not to recognize the careful distinction that Mr. Worthy made. As a result of his political experience he has accepted the theory that patronage is necessary to feed the two-party system. He has attempted, and I think in an honest fashion, to separate this patronage both from the career civil service and particularly from the political control level of government.

Mr. Worthy says that it does not take very many jobs to control a department and to assure its loyal adherence to the policies of the administration in power. Secondly, Mr. Worthy believes it is entirely improper to attempt to obtain patronage by politicalizing the career service. It is very clear from his paper that he disapproves of the way in which the Willis order confuses the appointment system in higher level career positions.

Mr. Worthy then goes on to propose the development of a group of positions which would satisfy the grassroots organization of the political party from a patronage point of view. Naturally some politicians will take the Worthy theme out of context in an attempt to use it as an advancement of patronage which does interfere with the career civil service. One important thing is that Mr. Worthy carefully and emphatically isolated the negative factor of patronage.

The patronage advocates, including Mr. Worthy, must find the answers to the problems which arise as a result of patronage and the conclusions we have all come to accept; namely:

1. Patronage, as typically practiced in the Federal Government, weakens executive authority and interferes with proper executive responsibility. Many political leaders conscientiously believe the reverse. The political pressures and the local political organizations, the Members of Congress, as well as various special-interest groups, put such pressures on the executive that many appointments are not truly executive in their influence.

2. Patronage is demoralizing to career people who really do the work. When people are rewarded on a basis other than performance, the good people become demoralized and leave the service or they lack the incentive to do their best work.

3. Patronage degrades the service in the public eye. One of the reasons that the public service today lacks the prestige which it needs and to a large extent deserves is that the public lacks confidence in it. It is also degrading to the political party. I believe that the patronage program of the Republicans is a failure. A member of the Republican National Committee in referring to the administration's patronage program said, "The program has done us far more harm than good. It has given us a black eye in the press and furnished the Democrats with a lot of ammunition."

4. Patronage, by any method yet devised, is ultimately corrupting. People who want patronage are not interested in qualifications and standards. In fact, strong control of standards quickly makes the politician dissatisfied with patronage. It is most difficult to supervise politically appointed people. The combination of poorer standards and lack of supervision not only degrades the service, but allows corrupting influences to creep in which periodically shock the Nation.

5. Patronage generally reduces efficiency. Turnover increases and the more competent people are the first to leave to find more stable employment elsewhere.

These items are cited to remind us that we are looking at a personnel program and that any system which uses public office to reward the political victors and help maintain the party system must be able to deal successfully with these problems.

PATRONAGE AND THE RESPONSIBLE POLITICAL LEADER

To the responsible political leader, patronage is like other sacred cows. The records are full of statements by politicians that patronage is a headache. That it is more of a liability than an asset. Even such an eminent political realist as James Farley had recognized that patronage was used to build political machines and said that a shortsighted lust for jobs has broken up more political organizations both Republican and Democratic than any other single cause.

But in the final analysis few are willing to take the initiative and overthrow the patronage idea. Most people with experience don't like it. They don't believe in it. But they go along with it because they think everyone wants it.

PATRONAGE AND THE PUBLIC

No real discussion of patronage is complete without mention of the basis of real democracy—patronage and the public.

It can hardly be denied that the public overwhelmingly endorses the merit system. No man running for public office today would fail to immediately and vigorously endorse the merit-system principle. The party platforms of both the Republicans and the Democrats have for many years had a strong plank for civil service. Hardly any legislator or political leader speaks out directly against the merit system, no matter how much he wants to develop patronage appointments.

The press has also indicated its universal approval of the merit system. This was manifested again only recently by the extensive coverage and favorable editorial comment accorded Secretary of Labor Mitchell's appointment of Millard Cass, a career man, to be Deputy Under Secretary of Labor. A typical endorsement appeared in the Youngstown (Ohio) Vindicator in an editorial entitled "A Welcome Appointment."

"The Hoover Commission's recommendation of a senior civil service bears fruit with the appointment of Millard Cass, a career civil servant, as Deputy Under Secretary of Labor. Thus the Labor Department, through Secretary Mitchell's wise action, is assured the continuing services of an experienced executive.

"Hitherto politics and patronage have been responsible in part for failure to establish such a corps. Secretary Mitchell does the Nation a service by ignoring such considerations in appointing Mr. Cass."

There are two things about the public attitude that come to mind. First, people tend to distrust big government, but they expect more from it without accepting the accompanying responsibilities to them as citizens.

There is a certain amount of apathy over political activity which is inconsistent with their demands for good government and good civil service.

It is necessary that every possible opportunity be utilized to encourage broad public participation in political affairs. I really think that this more than any other single factor will remove the patronage threat in the healthiest possible way. I realize, of course, that this is of limited value to most of you since you are all under the Hatch Act and I think properly so.

The greatest contribution which professional personnel and career people can make in stemming the advocates of patronage is to develop and maintain a personnel system that serves the public in a most efficient and effective manner.

I would like to repeat that patronage and not civil service is on the defensive. Therefore, we should not be afraid to admit deficiencies in the civil service system and work in an aggressive manner for improvement.

The role of the reformer is to see that you persevere in your task and we must also continually stimulate the public's interest in a more efficient public service. It is our aim and desire to help perfect the public service by improving its reputation and prestige. The more carefully the public looks at public service the more efficient it will become.

I must urge once more that the present administration clarify its policy regarding the career service and remove any cause for suspicion of partisan influence which will prevent the constructive programs now under way from realizing their full potential.

As an editorial in Time Magazine so effectively stated: "Federal patronage as a force in politics is dead. No amount of whipping will hurt it and no amount of wailing can restore it." I think we have all come to accept this. Our biggest problem today is not protecting the civil service, it's making it work. Our responsibilities are clear and I sincerely hope we will all succeed.

The Internal Revenue Act of 1954

EXTENSION OF REMARKS

OF

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 16, 1955

Mr. CURTIS of Missouri. Mr. Speaker, there has been a continuous effort on the part of a small group, politically inspired, I would say, to discredit the excellent Tax Revision Act of 1954. Most of the attacks are hit and run, but because they plug the same theme, they have a cumulative effect. The theme is that the act is a rich man's bill or the theme is sometimes varied to say it to be a bill for the rich corporations. It is all one and the same, and the object is to stir up class hatred where in actuality there really are no classes, where actually we are all Americans, the closest to a classless society the world has ever seen.

The underlying thought in these attacks, however, on analysis is basically vicious and is of the vilest smear variety. The thought that is sought to be sown is that the members of the Republican Party are not interested in the welfare of the little man and that they purposely and through connivance are endeavoring to hurt him. Now, of course, if that is the motivating force behind the Republican Party and the individuals comprising it, there is no sense to discuss any issue. We are not worthy of being listened to. We are people devoid of the basic principles set forth in the Christian religion.

Of course, the Republican Party and those going to make it up are not motivated by such un-Christian feelings or objectives. The whole issue at stake between political parties and the individuals in them is not over the desire to help all our people but how do we best achieve these ends? Now anyone can properly argue that a particular procedure or program or law results in injustice, or discrimination, or inefficiency, but in pursuing that line of argument he should marshal his facts and resort only to proper logic. He should not appeal to prejudice or resort to smearing the motives of the person with whom he is in disagreement.

I took the floor of the House last year to defend the Democrat Party against a rather limited attack that had been made against its patriotism and that of its leaders as the result of certain policies pursued in quite recent years. I felt these attacks were uncalled for and unjustified and I said so. However, I thought the leaders of the Democrat Party were carrying what was a limited attack by just a few Republicans too far in claiming that the Republican Party had accused it of being disloyal. I thought also that they were making an issue of being insulted inasmuch as the President and many other responsible leaders of the Republican Party had publicly denounced the limited attacks that had been made and avowed that other statements that were alleged to be attacks were not so intended.

Now it appears that the top leaders of the Democrat Party are personally in this attack on the motives of the Republican Party. They are out to try to make the people believe that this great party is devoid of the basic Christian tenets, that the Republican Party is not equally interested with the Democrat Party in the welfare of all Americans.

I hope we will get back to issues. The only way to really demonstrate one's interest in the welfare of the people is to honestly discuss the public issues of the day so that through proper debate—marshaling the facts and using true logic—we may resolve as best we may what is the best for our people. I think we may all rest assured that there will be plenty of proper political issues upon which we differ to go to the people for their judgment in any election year.

I am placing in the RECORD a letter I received, at my request, from Laurens Williams, Assistant to the Secretary of the Treasury, in which he discusses the rather complicated depreciation law as it applies to the purchase of automobiles. One of the favorite themes pursued at this juncture is saying that under the new tax law a rich motorist can, through manipulations, get his Cadillac free with the implication that it was planned that way for his special interest.

It is untrue and if it were true there is no question that every Republican or Democrat would move to change the law and all would recognize that an unintentional mistake had been made.

The tax revision law of 1954 is a fair law and is amazingly free of mistakes. There have been some unintentional mistakes made and these are being corrected. I am hopeful that the Democrat leadership will cease its smear campaign against the Republican Party, and in particular where they are using the complexities of tax legislation which is perforce technical and intricate to deliberately confuse and misinform the public.

The letter follows:

TREASURY DEPARTMENT,
Washington, May 18, 1955.

Hon. THOMAS B. CURTIS,
House of Representatives,
Washington, D. C.

MY DEAR MR. CURTIS: I acknowledge receipt of your letter of May 14, inquiring about "some loose statements made in regard to an alleged loophole in the new depreciation allowances permitted in" the Internal Revenue Code of 1954.

I assume you refer to statements such as that which appeared some months ago in a local newspaper column in which the author used the following example: A "rich motorist," making $100,000 a year, buys a "superduper motorcar" for $4,600 for use in his business. He takes a $2,300 depreciation deduction (50 percent) the first year, then sells the car for $3,400. Citing his "tax specialist," the columnist made the following computation:

Income tax saved by $2,300 depreciation deduction		$2,000
Cash received on sale of car		3,400
Total cash		5,400
Cost of car	$4,600	

Capital gains tax on sale of car (25 percent of $1,100) ($3,400—$2,300)	275	
		4,875
Net cash profit		525

Such statements are based on several wholly fallacious assumptions. In the first place, they ignore the salvage value of the property, erroneously assuming that depreciation may be taken on the whole cost of the property. Depreciation may be taken only on the difference between cost and salvage value. Moreover, assets may not be depreciated below a realistic salvage value. In determining realistic salvage value, consideration must be given to the taxpayer's use of the property, the retirement and maintenance practices he follows, and the salvage or other proceeds he realizes on disposition of the property. Junk or scrap value may be used only where the taxpayer follows the practice of using depreciable property for its full serviceable life. Where a taxpayer's practice is to dispose of depreciable property substantially before the end of its full useful life, the realistic salvage value will be the amount which probably will be realized at time of disposition. Thus, in the example, depreciation would be allowable only on the difference between the car's cost ($4,600) and its salvage value ($3,400).

In the second place, the allowable rate of depreciation is dependent on the useful life of the property, and the example erroneously ignores the fact that the useful life used in determining depreciation allowances is not the full, normally inherent useful life of the property. It is, rather, the useful life of the property determined in accordance with the practice of the particular taxpayer in his trade or business or in the production of income. If a taxpayer has no consistent practice regarding the disposition of depreciable property, the estimated useful life of his depreciable assets should be determined in the light of experience in the taxpayer's business or industry. Thus, in the example, since the taxpayer uses the property for but 1 year, his depreciation rate is 100 percent—the full difference between cost and salvage value—without regard to "straight-line," "sum-of-the-years digits," or "declining balances" method.

Application of correct criteria to the facts in the columnist's example produces this dollar result:

Cost of car		$4,600
Cash received on sale of car	$3,400	
Income tax saved by $1,200 depreciation deduction	1,044	
		4,444
Out-of-pocket cost		156

The apparent small out-of-pocket cost is not due to the amount of the depreciation allowance. It is due to application to the amount of the depreciation deduction of the taxpayer's top tax bracket—87 percent. On such line of reasoning, all of such a taxpayer's business deductions (salaries, wages, rent, etc.) cost him, out-of-pocket, only 13 cents on the dollar. It would be just as accurate to say that any other of such a taxpayer's expense deductions cost only 13 cents on the dollar. The fallacy in the reasoning is obvious.

Furthermore, the statement is fallacious in assuming that the alleged loophole (which, as you will see, is nonexistent) arises out of the new depreciation methods of the 1954 code. The loophole, if there is one, arises from the operation of section 117 (j) of the 1939 code (enacted in 1942) which gave long-term capital gains treatment to net profit on sales of depreciable property, though still allowing ordinary (100 percent) deduction of net losses from such sales. Depreciation allowances are ordinary 100-percent deductions. When such property (held more than 6 months) is sold for more than its depreciated cost, only half of the gain is taxed under the 1942 provision (now sec. 1231).

In addition, note that the new 1954 depreciation methods apply only "in the case of property * * * with a useful life of 3 years or more" (section 167 (c), I. R. C. 1954).

It is unfortunate that so many persons have lost sight of the fundamental, elemental function and purpose of depreciation allowances. Certainly the Congress does not intend depreciation allowances to be mere accounting gimmicks, or bookkeeping devices for saving taxes. We view them, and we believe Congress intended them, simply as methods of measuring, by a reasonably consistent plan, the amounts which should be set aside during a taxpayer's use of depreciable property, so that the aggregate of the amounts set aside plus the amount the taxpayer realizes from sale or salvage will equal the property's cost. Stated differently, they are simply methods of measuring the dollar difference between the cost of property used in a trade or business, or held for the production of income, and the amount the taxpayer probably will realize when he disposes of it. This amount, having been consumed in the production of taxable income, seems an eminently fair and proper tax deduction.

I trust this explanation will be helpful. If I can be of further service, advise me.

Sincerely,

LAURENS WILLIAMS,
Assistant to the Secretary.

SENATE

FRIDAY, JUNE 17, 1955

(Legislative day of Tuesday, June 14, 1955)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

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

Eternal spirit, far above us and yet deep within us, we bow at the altar of prayer which our fathers set up at the Nation's birth in this temple of freedom, so that even before we speak we may listen.

In a turbulent time we would wait to put our hearts in tune with the infinite. In the midst of a social order which in its blindness still so often crucifies its prophets, and where the lowest so commonly is the loudest, we desperately need at the day's beginning a shrine of reverence to give the Highest a chance at our lives.

We cannot maintain the fine edge of our spiritual morale in the constant Babel of the world's uproar. For our soul's sake we must find the quiet places, the still waters, the green pastures, if our jaded and frayed spirits are to be restored.

And so give us, we beseech Thee, ears to hear, not just the strident shouts upon the noisy streets, but also the still voice heard only in the inner chamber.

We ask it in the name of that One who said and says, "Come unto me, all ye that labor and are heavy laden, and I will give you rest." Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., June 17, 1955.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. ALBEN W. BARKLEY, a Senator from the State of Kentucky, to perform the duties of the Chair during my absence.

WALTER F. GEORGE,
President pro tempore.

Mr. BARKLEY thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, June 16, 1955, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Tribbe, one of his secretaries.

MESSAGE FROM THE PRESIDENT—RETURN OF JOINT RESOLUTION

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying joint resolution, was ordered to lie on the table:

To the Senate of the United States:

In compliance with the request contained in the resolution of the Senate (the House of Representatives concurring therein), I return herewith Senate Joint Resolution 60, entitled "Joint resolution directing a study and report by the Secretary of Agriculture on burley tobacco marketing controls."

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 17, 1955.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 2907) for the relief of Thomas F. Harney, Jr., doing business as the Harney Engineering Co.; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. LANE, Mr. FORRESTER, and Mr. MILLER of New York were appointed as managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 6766) making appropriations for the Atomic Energy Commission, the Tennessee Valley Authority, certain agencies of the Department of the Interior, and civil functions administered by the Department of the Army, for the fiscal year